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PORT OF SAN FRANCISCO

NOTICE OF CANCELLATION

THE REGULAR PORT COMMISSION MEETING SCHEDULED FOR
TUESDAY, JANUARY 13, 1998 AT 4:00 P.M.
IS HEREBY CANCELLED

◆◆◆◆◆◆◆◆◆

THE NEXT PORT COMMISSION MEETING
IS SCHEDULED FOR

TUESDAY, JANUARY 27, 1998
at 4:00 P.M.

in the Port Commission Room
Suite 3100, Ferry Building
San Francisco, CA 94111
(415) 274-0406

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142.

There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting.

The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

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REVISED 12:25pm 1-22-98

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, JANUARY 27, 1998
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

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AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** – December 18, 1997 Special Meeting

3. **EXECUTIVE**

   A. Election of Port Commission Officers

   B. Executive Director's Report

   C. Resolution authorizing the Executive Director to seek exclusive collaboration between Resource Consultants, Nancy Leigh Olmsted and the Port of San Francisco for production of a Ferry Building Keepsake Book as part of the centennial celebration of the Ferry Building in July 1998. (Resolution No. 98-02)

   D. Resolution authorizing the Executive Director to seek exclusive collaboration between Graphics Licensing Enterprise and the Port of San Francisco for a one-year period for development, production and merchandising, wholesale and retail of a Port of San Francisco product line for the Ferry Building Centennial. (Resolution No. 98-03)

4. **MARITIME**

   A. Approval of Berthing Agreement and Lease No. L-12552 for a term of one-year with four one-year options with California Sealift Terminals, Inc. to layberth seven vessels belonging to the U.S. Maritime Administration at Piers 27, 50, 80 and 96. (Resolution No. 98-10)

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Informational item concerning Request for Qualification for Pier One.

   B. Approval of termination agreement with Burlington Northern Santa Fe Railroad for property located on Seawall Lot 337 and within Mission Bay. (Resolution No. 98-06)

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6. FACILITIES & OPERATIONS

A. Authorization to approve an agreement with PG&E for the relocation and undergrounding of the Port gas service and meter to the Ferry Building (Resolution No. 98-04)

B. Authorization to advertise for competitive bids for 1998 dredging. (Resolution No. 98-05)

7. PLANNING & DEVELOPMENT

A. Proposed additions to the Waterfront Land Use Plan to address land use compatibility in South Beach area; and proposed notice provisions to inform interested parties of pending Port leasing and development activities in the South Beach area. (Resolution No. 98-09)

B. Informational item concerning selection of Advisory Group for the Ferry Building Renovation Project.

8. FINANCE & ADMINISTRATION

A. Authorization to issue a Request for Proposals for a consultant for Accounting Services to review earthquake repair project documentation in preparation for FEMA/OES audit. (Resolution No. 98-07)

B. Approval to re-appropriate $460,000 for fire sprinklers for Pier 50 Shed A (Resolution No. 98-08).

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – **This session is *closed to any non-City/Port representative.****

a. Property: Muni Metro Western Pacific Site
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Muni: Kam Shadan

An executive session has been calendared to discuss real property negotiations between Port and Muni regarding portions of the Western Pacific site property located adjacent to Pier 80. This is specifically authorized under California Government Code Section 54956.8

b. Property: Port Property located at Pier 94/96
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Recycle Central, Inc.: Mike Sangiacomo & Don Moriel

An executive session has been calendared to discuss real property negotiations between the Port and Recycle Central, Inc. regarding the property located at Pier 94/96. This is specifically authorized under California Government Code Section 54956.8

c. Property: Property located at 398 Jefferson Street
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Coast Marine: Michael Day

An executive session has been calendared to discuss real property negotiations between the Port and Coast Marine regarding the property located at 398 Jefferson Street. This is specifically authorized under California Government Code Section 54956.8

d. Property: Property located at Pier 90/92
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Bay Mat LLC: Phil Gatine

An executive session has been calendared to discuss real property negotiations between the Port and Bay Mat LLC regarding the property located Pier 90/92. This is specifically authorized under California Government Code Section 54956.8

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

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PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

January 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Kimberly Brandon
Hon. Frankie G. Lee
Hon. James R. Herman

FROM: Douglas F. Wong, Executive Director

SUBJECT: Resolution Authorizing the Executive Director to seek exclusive collaboration between Resource Consultants, Nancy Leigh Olmsted and the Port of San Francisco for production of a camera ready manuscript for a Ferry Building Keepsake Book as part of the centennial celebration of the Ferry Building.

DIRECTOR'S RECOMMENDATION: Approve the Resolution.

BACKGROUND

On July14, 1998, San Francisco will celebrate the 100th birthday of the Ferry Building, one of the City's most treasured landmarks.

This century from 1898 through 1998 has been made far more dramatic by the Ferry Building surviving the 1906 earthquake – serving as the City's most visible symbol of actual help during the dramatic three-day firestorm that destroyed much of the City and threatened many more homes. Dimly seen at the end of Market Street the tower stood as a beacon of help to masses of people moving on foot and by buggy towards the bay ferries and safety.

Furthermore, the loss of the Ferry Building from 1956 through 1991, when it was cut-off from view by the Embarcadero Freeway, has made the building even more cherished now since it has been effectively given back to the people, together with the rest of the Embarcadero, as a place for public use and gatherings – such as the immense crowd that turned out to cheer Herb Caen a year ago, last June.

"San Francisco Bay without the Ferry Building tower would be like a birthday cake without a candle," noted Herb Caen.

This Print Covers Calendar Item No. 3C

As ferryboats resumed service in the late 1970s, increasing in numbers, destinations and passengers served; as tracks are now laid along the Embarcadero for the projected waterfront trolley service in 1998; as waterfront property values continue to spiral upward with the removal of the freeway and return of waterfront views, San Franciscans and visitors alike celebrate the reality that the City is justly proud of the waterfront.

The proposed pictorial history is meant to be a keepsake book. A book that provides a serious look at a sampling of the splendid photographs that exist in museums archives, libraries, and family albums. These historical photos can be brought to life with lively quotations that San Franciscans and visitors have used to describe the busy comings and goings of ferryboats, horse-cars, cable cars, and street-cars-all with the Ferry Building as a centerpiece. Properly recognized as a special San Francisco landmark – facing as it does on the Bay and marking the importance of the financial district.

Mrs. Olmsted's Credentials for Producing the Ferry Building Keepsake Book

Starting in 1974 through 1981, working with her late husband, Roger R. Olmsted, Mrs. Nancy Olmsted made a complete archival survey of historic photographs and maps of San Francisco, particularly as these views related to the San Francisco waterfront. Over the years they completed seven cultural resource surveys for the Clean Water Program on the waterfront sewer including – *the San Francisco Waterfront, Bayside San Francisco, Rincon de las Salinas y Potrero Viejo, and Behind the Seawall: the King Street Ship.* In this same decade, the Olmsteds established an excellent photographic collection of the Ferry Building and the Market Street waterfront area.

After Roger Olmsted's death in 1981, Mrs. Olmsted continued researching and writing cultural resource surveys for different areas of San Francisco, as well as spin-off books on related maritime and waterfront subjects, i.e., *Ferryboats: A San Francisco Tradition* (for the National Park Service in 1990); *Up Riverboats – When Red Bluff Was the Head of Navigation* (for the California historical Society, 1985); *Scow Schooners of San Francisco Bay* (Mission Creek Conservancy & the San Francisco Foundation, 1986).

Her most recent publication (1997) is *Vanished Community: 19th Century San Francisco Neighborhoods from Fourth Street to Mission Creek and Beyond.*

Since 1992, Mrs. Olmsted has been working with graphic designer Michael Manwaring on the historic signage program sponsored by the San Francisco Arts Commission that includes the central waterfront around the Ferry Building and Herb Caen Way.

PROJECT SCOPE

The "Contractor" would agree to produce a camera-ready manuscript suitable to commemorate the centennial celebration of the Ferry Building, including all layout of text,

photographs, captions and credits written to fit pay layouts, and copy-edited, acceptable to the Port Director or his designated representative.

Contractor will research relevant Bay Area photographic archives and bearing any and all cost of acquiring glossy photographs of the Ferry Building and related subjects from a variety of archival and private collection resources. Contractor will submit a draft final Manuscript to the Port Director by June 22, 1998, or such later date as may be agreed to in writing by the Port Director within the terms of the Agreement.

The Port Director shall review the draft to determine whether the Manuscript is suitable in content to commemorate the centennial celebration of the Ferry Building. Contractor shall coordinate with the Port to facilitate the promotion of the centennial celebration of the Ferry Building.

The Contractor shall not copyright the Manuscript produced under this Agreement. The Manuscript shall become the property of the Port, and all publication rights are reserved to the Port.

PROJECT FUNDING

The estimated cost for producing the Ferry Building Keepsake Book is $20,000. This includes a completed manuscript, copy editing, photograph purchases, use fees and layouts. The Port Commission can, at its option, enter into agreement with a publisher/distributor for the production of the book.

The estimated printing costs for the proposed book is $15,000, depending on the quantity of the first printing run, as well as the number of pages and ratio of photographs to text. If the proposed keepsake book sells for approximately $22.00 per copy at a run of 3,500 copies, that would generate an estimated $77,000 income less $57,750 net (book sellers and distributors receive approximately 75%). If so, the initial estimated printing cost of $15,000 would be recovered on the first run of 3,500 books.

Although the Manuscript will be the property of the Port, Mrs. Olmsted would be entitled to the customary 10% royalty fee from the publisher.

At a later date, Port staff will present a proposal to you for holding a public event at the Ferry Building Plaza for the centennial celebration on or around July 14, 1998. (Estimated cost $30,000, with possible offsets from local sponsors.)

Prepared by: Renée Dunn
Public Relations Officer

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-02

WHEREAS, On July 14, 1998, San Francisco will celebrate the 100th birthday of the Ferry Building, one of the City's most treasured landmarks. The Port of San Francisco wants to obtain a camera ready manuscript for a Ferry Building Keepsake Book in order to produce the book as part of the centennial celebration of the Ferry building; and,

WHEREAS, The proposed pictorial is meant to be a keepsake book; and,

WHEREAS, Nancy Leigh Olmsted of Resource Consultants, as a San Francisco historian who has produced numerous cultural resource histories of the San Francisco Waterfront for various governmental agencies and private entities, including *the San Francisco Waterfront, Bayside San Francisco, Rincon de las Salinas y Potrero Viejo, Behind the Seawall: the King Street Ship, Ferryboats: A San Francisco*; *Up Riverboats – When Red Bluff Was the Head of Navigation, and Scow Schooners of San Francisco Bay,* Resource Consultants is uniquely qualified to complete the archival research and photographic collection work necessary to produce a camera ready manuscript in time for the centennial celebration of the Ferry Building, and Contractor represents and warrants that it is qualified to perform the services required by City as set forth under this Contract; and,

WHEREAS, The "Contractor" would agree to produce a camera ready manuscript suitable to commemorate the centennial celebration of the Ferry Building, including all layout of text, photographs, captions and credits written to fit pay layouts, and copy-edited, acceptable to the Port Director or his designated representative; and,

WHEREAS, Contractor will research relevant Bay Area photographic archives and bearing any and all cost of acquiring glossy photographs of the Ferry Building and related subjects from a variety of archival and private collection resources. Contractor will submit a draft final Manuscript to the Port Director by June 22, 1998, or such later date as may be agreed to in writing by the Port Director within the terms of the Agreement; and

WHEREAS, The Port Director shall review the draft to determine whether the Manuscript is suitable in content to commemorate the centennial celebration of the Ferry Building. Contractor shall coordinate with the Port to facilitate the promotion of the centennial celebration of the Ferry Building; and,

WHEREAS, The Contractor shall not copyright the Manuscript produced under this Agreement. The Manuscript shall become the property of the Port, and all publication rights are reserved to the Port; now, therefore be it

RESOLVED, That the San Francisco Port Commission does hereby authorize the Director to execute an agreement in substantially the form, on file with the Port Commission Secretary, and in such final form as is approved by the City Attorney, for the total amount of $20,000.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

January 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Kimberly Brandon
Hon. Frankie G. Lee
Hon. James R. Herman

FROM: Douglas F. Wong, Executive Director

SUBJECT: Resolution Authorizing the Executive Director to seek exclusive collaboration for a one-year period between Graphics Licensing Ent. and the Port of San Francisco for the development, production and merchandising, wholesale and retail, of a Port of San Francisco product-line to generate revenue for the Port and to promote the Port in this centennial year of the Ferry Building.

DIRECTOR'S RECOMMENDATION: Approve the Resolution.

BACKGROUND

On July 14, 1998, the Ferry Building will celebrate the 100th birthday of the Ferry Building, one of the City's most treasured landmarks.

On or around July 1998 the Port of San Francisco would like to hold a public event at the Ferry Building Plaza for the centennial celebration. In preparation for this proposed event, the Port seeks to allow Graphic Licensing Ent.(GLE) to develop, produce and market a Port of San Francisco product-line, including but not limited to tee-shirts, baseball caps, shirts, sweaters, and boater's bags, in order to increase public awareness for the Ferry Building centennial celebration and to generate additional revenue for the Port.

GLE, a San Francisco-based graphic sportswear company since 1979, provides merchandise and marketing services such as custom silkscreening, embroidery, in-house graphic design, cut & sew production, and local delivery of products. GLE's client list includes but is not limited to the San Francisco Giants, Golden State Warriors, Oakland A's, Bay to Breakers, Nordstrom, GAP/Banana Republic, San Francisco Symphony and KNBR Radio.

PROJECT SCOPE

Contractor will develop and produce a Port of San Francisco product-line and merchandise the Port of San Francisco products, wholesale and retail. The Port product-line would be managed and funded by the Contractor, at no cost to the Port. The Port would receive a 10% royalty payment on all wholesale/retail product sales of merchandise each quarter.

Contractor will fulfill all orders, be responsible for storage and shipping of the approved Port product-line. Contractor will generate all Port product sales (wholesale and retail), set up and maintain bookkeeping, with a quarterly payment to the Port of San Francisco for it's share of each sale. The Port's share will be 10% of each item sold which is customary for the industry.

Contractor will develop and produce a four-color brochure, illustrating the Port products for distribution to retailers, i.e., gift shops, cruise lines, San Francisco Visitors & Conventions Bureau, department stores, San Francisco City employees groups, etc.

PROJECT FUNDING

No cost to the Port of San Francisco for development, production or merchandising of Port product-line.

Prepared by: Renée Dunn
Public Relations Officer

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-03

WHEREAS, On July 14, 1998, San Francisco will celebrate the 100th birthday of the Ferry Building, one of the City's most treasured landmarks. The Port of San Francisco wishes to contract with Graphic Licensing Ent. to authorize the use of the Port of San Francisco name and logo to generate royalty revenue for the Port and to promote the Port in this centennial year of the Ferry Building; and,

WHEREAS, Contractor will develop and produce a Port of San Francisco product-line and merchandise the Port of San Francisco products, wholesale and retail. The Port product-line would be managed and funded by the Contractor, at no cost to the Port. The Port would receive a 10% royalty payment on all wholesale/retail product sales of merchandise each quarter; and,

WHEREAS, Contractor will fulfill all orders, be responsible for storage and shipping of the approved Port product-line. Contractor will generate all Port product sales (wholesale and retail), set up and maintain bookkeeping, with a quarterly payment to the Port of San Francisco for it's share of each sale. The Port's share will be 10% of each item sold which is customary for the industry; and,

WHEREAS, Contractor will develop and produce a four-color brochure, illustrating the Port products for distribution to retailers, i.e., gift shops, cruise lines, San Francisco Visitors & Conventions Bureau, department stores, San Francisco City employees groups, etc.; and,

WHEREAS, GLE represents and warrants that it is qualified to undertake the obligations assumed under the Agreement; and, therefore, be it

RESOLVED, That the San Francisco Port Commission does hereby authorize the Director to execute an agreement in substantially the form, on file with the Port Commission Secretary, and in such final form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

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PORT OF SAN FRANCISCO

MEMORANDUM
January 20, 1998

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

To: MEMBERS OF THE PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

From: Douglas F. Wong
Executive Director

Subject: **Approval of Berthing Agreement and Lease No. L-12552 for a term of one-year with four one-year options with California Sealift Terminals, Inc. to layberth seven vessels belonging to the U.S. Maritime Administration at Piers 27, 50, 80 and 96.**

DIRECTOR'S RECOMMENDATION: APPROVE BERTHING AGREEMENT AND LEASE NO. L-12552 WITH CALIFORNIA SEALIFT TERMINALS, INC.

BACKGROUND

The United States Department of Transportation, acting through the Maritime Administration ("MARAD") operates and maintains a fleet of cargo ships of various types for use by the Department of Defense in the event a sealift of military equipment is required for national security.

These ships are maintained in a ready status at various locations in the U.S. They are manned by crews whose duty is to keep the ships in a readiness condition so that they are able to be fully manned and ready to load cargo within 96 hours of notice of activation.

This past November, MARAD solicited bids for layberthing services for seven "ready reserve" ships to be positioned in California under solicitation No. DTMA91-98-B-00002. The Port worked closely with two companies interested in using Port of San Francisco facilities for this purpose. These two companies each have bid on similar services in other ports in the U.S. and have contracts with the U.S. Government for layberthing services around the country.

One of these companies, Sealift Companies of Jacksonville, Florida, was, according to MARAD, the low bidder for solicitation No.DTMA91-98-B-00002. Their bid was for all seven ships to be located in San Francisco at Piers 27, 50, 80, and 94/96 under the name California Sealift Terminals, Inc. ("CST"). In order for our berths to meet the MARAD

bid requirements, substantial physical improvements will need to be made. CST will be responsible for these capital improvements to the piers, including enhancing electric power, water, sewer, fendering, security and dredging.

Berth Locations

* Pier 27, two berths and approximately 22,000 sq.ft. of apron.
* Pier 50, two berths and approximately 22,000 sq.ft. of apron.
* Pier 80, one berth and approximately 27,900 sq. ft. of apron.
* Pier 96, two berths and approximately 40,000 sq. ft. of apron.

Proposed Berthing Agreement and Lease

CST's contract with the government will be for five one-year periods renewable annually by MARAD. CST will pay the Port $766,500 per year for the seven berthing sites, payable in equal monthly installments. Rent will be adjusted on each one year anniversary date of the Lease by the increase in the Consumers Price Index. In the event that the government cancels part of the contract for an individual ship or ships, the Lease will terminate for the cancelled berth and the rent will decrease by a proportional amount. The Port will retain the improvements to the pier made by CST.

This lease differs from the standard lease parameters in that the rent is based on a daily, per ship rate of $300, but it includes defined space on each pier plus the adjacent berth. On a square foot basis, the rental rate for pier space equals to $0.49 cents per square foot. Also, if necessary, the Port will continue to hold the rights to terminate this contract for any Port projects and the refund for improvements back to the tenant.

Prior to awarding the contract, CST must demonstrate that it has a legally enforceable right to the possession of the facilities to provide the layberthing services. This lease and berthing agreement will provide that right to possession. In the event CST is denied the award of the contract, the lease becomes void.

In the lease and berthing agreement, CST is granted the right to occupy the premises on the day that the government issues a notice to proceed. That date is anticipated to be about February 15, 1998. This will enable CST to commence construction on the necessary berth improvements. Rent accrual will not commence until 120 days later, when the first ship is expected to be assigned to CST.

Staff recommends approval of the berthing agreement and lease with CST in substantially the form on file with the Port Commission Secretary, and consistent with the financial terms set forth above.

Prepared by: Peter Dailey
Acting Director of Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-10

WHEREAS, Charter Section B 3.581 empowers the Port Commission with the power and duty to use conduct, maintain, manage, regulate and control the Port area of San Francisco;and

WHEREAS, under Charter Section B 3.581(g) leases and franchises granted or made by the Port Commission shall be administered exclusively by the Port Commission; and

WHEREAS, the Port desires to enhance its position in the Bay Area maritime industry; and

WHEREAS, Port staff has worked closely with the U.S. Maritime Administration and two companies regarding being able to provide layberthing services for seven "ready-reserve" ships; and

WHERAS, one of these companies, California Sealift Terminals, Inc. was the low bidder for the Maritime Administration solicitation No DTMA91-98-B-00002; and

WHEREAS, to be awarded the layberthing contract by MARAD, California Sealift Terminals, Inc must demonstrate that it has right to possession of the seven Port of San Francisco berths; and

WHEREAS, Port staff believes that this layberth agreement and lease provides additional maritime business for San Francisco, assisting not only the Port but many of its harbor services and ship repair customers;and

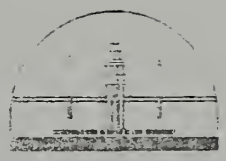
WHEREAS, the project will have no significant adverse physical effects on the environment; and is therefore exempt under the California Environmental Quality Act ("CEPA"); now, therefore, be it

RESOLVED, the San Francisco Port Commission hereby authorizes staff to complete negotiations with California Sealift Terminals, Inc. and hereby authorizes the Executive Director of the Port to execute a berthing agreement and lease in substantially the form on file with the Port Commission Secretary for this item, incorporating the financial terms described in the Memorandum for Agenda Item 4A for the January 27,1998 Port Commission meeting, and in such final form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

PORT OF SAN FRANCISCO



Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 278[illegible]
Fax 415 274 0528
Cable SFPORT COMM
Web

MEMORANDUM

January 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Pier One Request for Qualification, Informational Update

Port staff is issuing a Request for Interest and Qualifications for the master lease/development of Pier 1. The Request for Interest and Qualifications was issued on January 21, 1998.

In the past year, there has been substantial interest by maritime office users in finding office space on the waterfront. The Port of San Francisco, itself, will require new office space when the renovation of the Ferry Building commences. Port staff has investigated the feasibility of rehabilitating and converting Pier 1 from its present use as a temporary parking shed to a Class A maritime office space and has positively concluded that such a development would be feasible and beneficial to the Port. The office space will be developed primarily for use by the Port's administrative offices and other maritime-related businesses.

Port staff issued a Request for Interest and Qualifications to solicit the interest of capable development entities to undertake the project. The schedule for the process are as follows:

- Solicitation of Interest and Qualifications: Jan. 21, 1998
- Pre-Submittal Meeting and Tour of Facility: Jan. 29, 1998 @ 1:30 p.m.
  at the Port Commission Room
  Ferry Building, Suite 3100
  San Francisco, CA 94111

This Print Covers Calendar Item No. 5A

- Submittal of Letter of Interest and Qualifications Due: Feb. 18, 1998 @ 5 p.m.
- Port staff review and evaluation of submittals of Interest and Qualifications: Feb. 18 to March 10, 1998
- Recommendation to Port Commission regarding Exclusive Negotiations: Mar. 24, 1998
- Exclusive Negotiation Period: Mar. 24 to July 24, 1998

Port staff anticipates that it will discuss the responses with the Commission at its March 10, 1998 Executive Session. Staff will then recommend a respondent for an exclusive right to negotiate, which recommendation the Commission will discuss publicly as an action item on its March 24, 1998 agenda.

Prepared by: V. Fei Tsen
Director, Real Estate & Asset Management

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

January 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Termination Agreement with Burlington Northern Santa Fe Railroad for property located on Seawall Lot 337 and within Mission Bay

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION.

The Port's predecessor-in-interest, the Board of State Harbor Commissioners for San Francisco Harbor, entered into a lease with the Atchison, Topeka, Santa Fe Railway Company ("Santa Fe"). The Lease was dated as of May 15, 1950, as amended by Supplement No. 1 to Lease, made as of December 13, 1951, and Supplement No. 2 to Lease, made as of June 25, 1969 (collectively, "Lease") for approximately 22.4 acres of Port property located along the waterfront bounded by Mariposa Street, Terry Francois Boulevard, Illinois Street, and Third Street ("Premises"). Santa Fe recently merged with the Burlington Northern Railroad, and is now known as the Burlington Northern Santa Fe Railway Company. The permitted use under the Lease is for terminal purposes for handling in-bound and out-bound water traffic. Rent under the Lease is approximately $0.01/square foot. The permitted use under the Lease is for a rail terminal serving in-bound and out-bound water traffic.

The Lease has a term of fifty (50) years, which commenced on December 1, 1950, and expires on November 30, 2000. Santa Fe has requested the Port to terminate the Lease prior to its expiration, due to Santa Fe's cessation of rail operations in the area. Port staff believes that an early termination of the Santa Fe Lease will allow Port to achieve significantly higher rents than is currently being paid by Santa Fe under the Lease.

This Print Covers Calendar Item No. 5B

Catellus and Santa Fe have performed extensive environmental soil and groundwater testing on the Premises over the last two years. The City and Port, as well as the Regional Water Quality Control Board have reviewed the results. Based on the testing results, at the present time no regulatory agency has required remediation of the Premises. Remediation may be required as the Premises is developed in the future. However, to the extent that any hazardous materials located on the Premises were introduced during Santa Fe's occupancy, the Termination Agreement provides that the Port retains all of its rights under the Lease and at law to require Santa Fe remove or remediate such hazardous materials.

A copy of the proposed Lease Termination Agreement is on file with the Port Commission Secretary. Because the Lease is a maritime Lease, approval of the Termination Agreement by the Board of Supervisors is not required under Charter Sections 2.110 and 9.118.

Prepared by: V. Fei Tsen
Director, Real Estate & Asset Management

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **98-06**

WHEREAS, Section B 3.581 of the City Charter empowers the Port Commission of San Francisco (the "Commission) with power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, The Port's predecessor-in-interest, the Board of State Harbor Commissioners for San Francisco Harbor, entered into a lease with the Atchison, Topeka, Santa Fe Railway Company ("Santa Fe") dated as of May 15, 1950, as amended by Supplement No. 1 to Lease, made as of December 13, 1951, and Supplement No. 2 to Lease, made as of June 25, 1969 (collectively, "Lease") for approximately 22.4 acres of Port property located along the waterfront bounded by Mariposa Street, Terry Francois Boulevard, Illinois Street, and Third Street, for a term of fifty (50) years commencing on December 1, 1950 and expiring on November 30, 2000.; and

WHEREAS, Santa Fe and Port both desire to terminate the Lease prior to its expiration, due to Santa Fe's cessation of rail operations in the area, and Port's ability to generate more favorable lease revenues; and

WHEREAS, Because the Lease is for a maritime use, approval of the Termination Agreement by the Board of Supervisors is not required under Charter Sections 2.110 and 9.118; now, therefore, be it

RESOLVED, that the Port Commission authorizes the Executive Director to enter into the Lease Termination Agreement, substantially in the form on file with the Secretary of the Port Commission for Item No. 5B, for its meeting of January 27, 1998, and in such final form as is approved by the City Attorney, and to take such further action as is necessary to further the intent of the Lease Termination Agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

I:\santafe.agd

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

January 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to approve an agreement with PG&E for gas meter and utility relocation

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO EXECUTE AN AGREEMENT WITH PG&E FOR GAS METER AND UTILITY RELOCATION

Construction of the Mid Embarcadero roadway project requires relocation of the Port's gas meters and service line located at the north end of the Ferry Building alongside The Embarcadero roadway. The new meters will be located in a vault located just north of the building and west of the seawall and under the new promenade being constructed as a part of the project. This new vault will be out of the way of driveways, the new art ribbon and pedestrian crossings.

A new below ground vault will be an improvement over the current arrangement in which the meters are located above ground on an 8' x 13' concrete pad enclosed by an 8-foot high chain link steel cage. The current system is unattractive. BCDC and members of the public have expressed displeasure with its visibility and location. In addition, the current location will interfere with the construction of the Mid Embarcadero project.

To remedy this situation, the Port has recommended that the meters be placed underground. PG&E has agreed but, because this vault is not a standard installation for PG&E, it will not agree to accept the cost of construction.

This Print Covers Calendar Item No. 6A

Because the meters are located on Port property and not in the public street right-of-way, they are not subject to the terms of the Franchise Agreement between the City and County of San Francisco and PG&E. PG&E is therefore not obligated to move the meters at its cost. This meters and service are the Port's own service. Accordingly, the Port will be charged for relocation of the meters and in addition, will be charged a Special Facilities charge for the non-standard equipment (underground vault). PG&E has agreed that the cost of this work will not exceed $90,000. The Department of Public Works made a tremendous effort on the Port's behalf to obtain funding from other sources to cover the cost of this work, but was ultimately unsuccessful.

The agreement with PG&E will be made on PG&E's standard form Special Facilities Agreement, a copy of which is attached. Pursuant to the agreement the Port will compensate PG&E for its actual cost of the work, which is estimated to be less than $90,000.

DPW and the Port have agreed that the gas system must be relocated by PG&E prior to the Mid Embarcadero work beginning in the area. PG&E has agreed and is coordinating its schedule with DPW to assure this deadline is met.

Staff recommends that the Commission authorize staff to execute the agreement with PG&E in substantially the form attached and in accordance with the costs set forth herein. The work will be funded though the Port Capital Program.

Prepared by: Cliff Jarrard, Chief Harbor Engineer

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-04

WHEREAS, construction of the Mid Embarcadero roadway project requires relocation of the Port's gas meters and service line located at the north end of the Ferry Building alongside The Embarcadero roadway; and

WHEREAS, the new meters will be located in a new below ground vault which will be an improvement over the current concrete pad and chain link fence arrangement which is unattractive; and

WHEREAS, PG&E has agreed to this arrangement but, because this vault is not a standard installation for PG&E, it will not agree to accept the cost of construction; and

WHEREAS, the meters are located on Port property and not in the public street right-of-way, they are not subject to the terms of the Franchise Agreement between the City and County of San Francisco and PG&E. PG&E is therefore not obligated to move the meters at its cost. The meters and service are the Port's own service; and

WHEREAS, accordingly, the Port will be charged for relocation of the meters and in addition, will be charged a Special Facilities charge for the non-standard equipment (underground vault); and

WHEREAS, PG&E has agreed to do the relocation work at a cost not to exceed $90,000 through a standard form Special Facilities Agreement, a copy of which is attached; and

WHEREAS, PG&E has agreed to relocate the gas system prior to the Mid Embarcadero work beginning in the area; therefore be it

RESOLVED, that the Commission authorizes staff to execute the agreement with PG&E in substantially the form attached and in accordance with the costs set forth with the costs set forth herein.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

I:\cliff\commission\agd-pg&e gas meter agreement

Division
Applicant
Customer Operations
Plant Accounting
Customer Accounting

Reference:

PACIFIC GAS AND ELECTRIC COMPANY
AGREEMENT FOR INSTALLATION OR ALLOCATION OF SPECIAL FACILITIES

At the request of _____
_____
(Applicant), PACIFIC GAS AND ELECTRIC COMPANY (PG&E) hereby agrees, as an accommodation, to install at the Applicant's expense within a reasonable time, or allocate for Applicant's use at _____
_____
State of California, certain facilities consisting of _____
_____
_____ (Special Facilities), at an estimated total additional installed cost of $_____ over and above the cost of standard facilities which PG&E would normally provide or allocate for regular service in accordance with its tariffs on file with and authorized by the California Public Utilities Commission (Commission), subject to the following terms and conditions:

1. Applicant shall pay to PG&E, on demand and in advance of construction by PG&E, the initial sum of:

(a) $ _____ (Advance) which consists of a credit of $ _____ for that portion of the facilities provided by and conveyed to PG&E by the Applicant, and Applicant's payment of $ _____ representing PG&E's additional costs for Special Facilities; plus,

(b) $ _____ (Rearrangement) a nonrefundable amount representing PG&E's cost of rearranging existing facilities to accommodate the installation of the Special Facilities.

2. Applicant shall also pay to PG&E, in addition to the monthly rates and charges for service, at the option of PG&E, either:

(a) A monthly charge for the Special Facilities of $ _____ (Cost of Ownership Charge) representing the continuing ownership costs of the Special Facilities (_____% per month) as determined in accordance with the applicable percentage rate established in the Special Facilities section of PG&E's applicable Gas or Electric Rule No. 2, copy attached; or,

(b) $ _____ (Equivalent One-Time Payment) which is the present worth of the monthly ownership costs (_____%) for the Special Facilities in perpetuity. Refunds and adjustments, if any, of the Advance and Equivalent One-Time Payment will be made in accordance with paragraph 13. Interest at the rate of _____% annually will be added to the unamortized balance of the Equivalent One-Time Payment on each anniversary of the date the Special Facilities are first made available, as such date is established in PG&E's records, before the current year's Cost of Ownership Charges are deducted.

The monthly Cost of Ownership Charge shall commence on the date the Special Facilities are first available for Applicant's use, as such date is established in PG&E's records. PG&E will notify Applicant, in writing, of such commencement date.

3. The annual ownership cost used to determine the Equivalent One-Time Payment or used to determine the monthly charges in paragraph 2 above shall automatically increase or decrease without formal amendment to this agreement if the Commission should subsequently authorize a higher or lower percentage rate for monthly costs of ownership for Special Facilities as stated in Rule No. 2, effective with the date of such authorization. Thereafter, such revised annual ownership cost shall also be used to determine the unamortized balance of the Equivalent One-Time Payment, as provided in paragraph 13.(a).

4. Where it is necessary to install Special Facilities on Applicant's premises, Applicant hereby grants to PG&E:

(a) the right to make such installation on Applicant's premises along the shortest practical route thereon and of sufficient width to provide legal clearance from all structures now or hereafter erected on Applicant's premises for any facilities of PG&E; and,

(b) the right of ingress to and egress from Applicant's premises at all reasonable hours for any purposes reasonably connected with the operation and maintenance of the Special Facilities.

5. Where formal rights of way or easements are required on and over Applicant's property or the property of others for the installation of the Special Facilities, Applicant understands and agrees that PG&E shall not be obligated to install the Special Facilities unless and until any necessary permanent rights of way or easements, satisfactory to PG&E, are granted without cost to PG&E.

6. PG&E shall not be responsible for any delay in completion of the installation of the Special Facilities resulting from shortage of labor or materials, strike, labor disturbance, war, riot, weather conditions, governmental rule, regulation or order, including orders or judgments of any court or Commission, delay in obtaining necessary rights of way and easements, act of God, or any other cause or condition beyond the control of PG&E. PG&E shall have the right, in the event it is unable to obtain materials or labor for all of its construction requirements, to allocate materials and labor to construction projects which it deems, in its sole discretion, most important to serve the needs of its customers, and any delay in construction hereunder resulting from such allocation shall be deemed to be a cause beyond PG&E's control.

7. In the event that PG&E is prevented from completing the Installation of the Special Facilities for reasons beyond its control within twelve (12) months following the date of this Agreement, PG&E shall have the right to terminate this Agreement upon thirty (30) days' written notice to Applicant.

8. If this Agreement is terminated as set forth in paragraph 7, the provisions of paragraph 13 shall be applicable, based on that portion of the Special Facilities then completed, if any, including charges for any expense incurred by PG&E for any engineering, surveying, right of way acquisition expenses and other associated expenses incurred by PG&E for that portion of the Special Facilities not installed or, in PG&E's sole judgment, not useful in supplying permanent service to PG&E's other customers.

9. Special Facilities provided by PG&E hereunder shall at all times be and remain the property of PG&E.

10. As provided in PG&E's applicable Electric Rule 14 or Gas Rules 14 and 21, copies attached, Applicant understands that PG&E does not guarantee electric or gas service to be free from outages, interruptions or curtailments and that the charges for the Special Facilities represent the additional cost associated with providing the Special Facilities rather than for a guaranteed level of service or reliability.

11. If it becomes necessary for PG&E to alter or rearrange the Special Facilities, including, but not limited to the conversion of overhead facilities to underground, Applicant shall be notified of such necessity and shall be given the option to either terminate this Agreement in accordance with paragraphs 12 and 13, or to pay to PG&E additional Special Facilities charges consisting of:

(a) A facility termination charge for that portion of the Special Facilities which is being removed because of alteration or rearrangement. Such charge to be determined in the same manner as described in paragraph 13; plus,

(b) An additional Advance and/or rearrangement costs, if any, for any new Special Facilities requested which shall be determined in the same manner as described in paragraph 1; plus,

(c) A revised Equivalent One-Time Payment or monthly charge based on the total net estimated additional installed costs of all new and remaining Special Facilities. Such revised Equivalent One-Time Payment or monthly charge shall be determined in the same manner as described in paragraphs 2 and 3.

12. This Agreement shall be effective when executed by the parties hereto and shall remain in effect until terminated by either party on at least thirty (30) days' advance written notice.

13. Upon discontinuance of the use of any Special Facilities due to termination of service, termination of this Agreement, or otherwise:

(a) Applicant shall pay to PG&E on demand (in addition to all other monies to which PG&E may be legally entitled by virtue of such termination) a facility termination charge defined as the estimated installed cost, plus the estimated removal cost, less the estimated salvage value for the Special Facilities to be removed, as determined by PG&E in accordance with its standard accounting practices. PG&E shall deduct from the facility termination charge the Advance plus the unamortized balance of the Equivalent One-Time Payment previously paid, if any. If the Advance paid plus the unamortized balance of the Equivalent One-Time Payment is greater than the facility termination charge, PG&E shall refund the difference, without interest, to the Applicant;

(b) PG&E shall be entitled to remove and shall have a reasonable time in which to remove any portion of the Special Facilities located on the Applicant's premises;

(c) PG&E may, at its option, alter, rearrange, convey or retain in place any portion of the Special Facilities located on other property off Applicant's premises. Where all or any portion of the Special Facilities located off Applicant's premises are retained in place and used by PG&E to provide permanent service to other customers, an equitable adjustment will be made in the facility termination charge.

14. Applicant may, with PG&E's written consent, assign this Agreement if the assignee thereof will agree in writing to perform Applicant's obligations hereunder. Such assignment will be deemed to include, unless otherwise specified therein, all of Applicant's rights to any refunds which might become due upon discontinuance of the use of any Special Facilities.

15. This agreement shall be subject to all of PG&E's applicable tariffs on file with and authorized by the Commission and shall at all times be subject to such changes or modifications as the Commission may direct from time to time in the exercise of its jurisdiction.

Dated this _____ day of _____, 19___.

_____

_____

Applicant

BY: _____

TITLE:

MAILING ADDRESS:

_____

_____

_____

PACIFIC GAS AND ELECTRIC COMPANY

BY: _____

Manager,

Attachments: Rule 2 and 14 (Electric), or
Rules 2, 14 and 21 (Gas)

79-255 (4/82)

PORT OF SAN FRANCISCO

MEMORANDUM

January 20, 1998

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Permission to Advertise for Competitive Bids for Spring 1998 Maintenance Dredging

DIRECTOR'S RECOMMENDATION: TO APPROVE THE REQUEST FOR PERMISSION TO ADVERTISE FOR COMPETITIVE BIDS FOR THE SPRING 1998 MAINTENANCE DREDGING

The Port requires maintenance dredging be performed at various Port facilities in the Spring, 1998. The facilities included in the Spring Maintenance Dredging are Pier 35 Cruise Terminal east berth, Pier 80 berths B and C and the Pier 80 C Approach. The Maintenance Dredging work includes contractor mobilization and demobilization, dredging, and dredge spoils and debris disposal. It is anticipated that some of the material that will be dredged will be unsuitable for in-bay disposal and will require upland disposal in special landfills. Disposal of dredge spoils unsuitable for in-bay disposal is very expensive.

The attached Table titled Port of San Francisco Spring 1998 Maintenance Dredging indicates the estimated dredge quantity, dredge spoils requiring upland disposal, and total cost by pier berth. The quantity of dredge spoils requiring upland disposal that will be encountered at these sites is estimated and unconfirmed. Sampling and testing of the bottom sediments at the proposed dredge sites is currently being completed to determine the extent and cost of material requiring upland disposal. Since upland disposal is very expensive and will have a significant impact on the total cost of the Spring 1998 Maintenance Dredging, a 10% contract contingency will be requested at time of contract award. The current cost estimate for this work, including contingency is $650,000.00.

Prepared by: Ed Byrne, Senior Civil Engineer, SE

THIS PRINT COVERS CALENDAR ITEM NO. 6B

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. **98-05**

WHEREAS, the Port requires maintenance dredging at various Port facilities; and

WHEREAS, the facilities included in the Spring Maintenance Dredging are the Pier 35 Cruise Terminal east berth, Pier 80 berths B and C and the Pier 80 C approach. The Maintenance Dredging work includes dredging contractor mobilization and demobilization, dredging, and dredge spoils and debris disposal; and

WHEREAS, it is anticipated that some material to be dredged will be unsuitable for in-bay disposal and will require upland disposal in special landfills. Disposal of dredge spoils unsuitable for in-bay disposal is very expensive; and

WHEREAS, the attached Table titled Port of San Francisco Maintenance Dredging Plans for Spring 1998 shows the estimated dredge quantity, dredge spoils requiring upland disposal, dredge cost, and total cost by pier; and

WHEREAS, the quantity of dredge spoils requiring upland disposal that will be encountered at these sites is estimated and unconfirmed. Sampling and testing of the bottom sediments at the proposed dredge sites is currently being completed to determine the extent and cost of material requiring upland disposal; and

WHEREAS, since upland disposal is very expensive and will have a significant impact on the total cost of the Spring 1998 Maintenance Dredging, a 10% contract contingency will be requested at time of contract award. The current cost estimate for this work, including contingency is $650,000.00; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes Port Staff to Advertise for Competitive Bids for the Spring 1998 Maintenance Dredging.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

I:I:\Commission\Dredge_Bid-Spr98.doc

01/14/98

PORT OF SAN FRANCISCO

SPRING 1998 MAINTENANCE DREDGING

Dredging Quantity Estimate

FACILITY NAME	DREDGE DEPTH (M.L.L.W.)	Spring 98	
		Quantity Cu. Yds. (1)	5% Spoil Up-land Disposal
Pier 35 East	-35 ft.	38,671	
Berth 80B	-32 ft.	32,500	1,625
Berth 80C & Pier 80C Approach	-35 ft.	37,900	1,895
Subtotal		109,071	3,520
10% Contincency		10,907	352
DREDGING REQUIRED		119,978	3,872

NOTES:

1. All dredge materials are to be slurried or clamshell dredged, volumes are in-situ with 2 foot over dredge included.

PORT OF SAN FRANCISCO

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Telex 275940 PSF UR
Fax 415 274 0528
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Writer

MEMORANDUM

January 27, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Proposed additions to the Waterfront Land Use Plan to address land use compatibility in South Beach area; and proposed notice provisions to inform interested parties of pending Port leasing and development activities in the South Beach Area.

DIRECTOR'S RECOMMENDATION: ADOPT PROPOSED ADDITIONS TO THE WATERFRONT LAND USE PLAN AND NOTICE PROVISIONS

BACKGROUND

On November 26, 1997, the Port Commission entered into a Lease with China Basin Ballpark Company, allowing the development of Pacific Bell Ballpark on Port property at China Basin Channel. Since that time, demolition on the site has begun and construction is expected to be completed in Spring 2000. The Ballpark is expected to bring 3 to 4 million fans to the area annually.

The Citizens Advisory Committee for the Rincon Point-South Beach Redevelopment Area is concerned that the Ballpark will bring new uses to the area which will be incompatible with the area's increasingly residential character. When the Ballpark opens, there will be an estimated 4,000 residential units and 9,000 residents in the area.

Of particular concern to the CAC are non-Port sites immediately to the north and to the west of the Ballpark site which are zoned for heavy industrial uses. Because neither The Rincon Point–South Beach Redevelopment Plan nor the South of Market Plan, when adopted, contemplated development of the Ballpark, the plans did not consider how best to ensure that commercial activity which will likely emerge around the Ballpark does not cause excessive noise, traffic, or nuisances to the residents of the adjacent neighborhoods. The CAC therefore requested that the Board of Supervisors consider new interim and permanent land use controls to ensure compatibility among new land uses in the area.

On January 5th, 1998, the Board of Supervisors adopted legislation imposing interim zoning controls for a period of 18 months to establish the Ballpark Vicinity Special Use District wherein Planning Commission approval would be required for certain enumerated uses, and other uses (drive through facilities, massage parlors, and adult entertainment) would be prohibited pending adoption of the permanent controls.

Pursuant to the Board's legislation, conditional use authorization would be required for bars, restaurants serving alcohol, large fast-food restaurants, nighttime entertainment, amusement enterprises, and outdoor activity areas which are open to the sky. The legislation sets forth conditions on such uses that the Planning Commission may consider, including restrictions on hours of operation, particularly in outdoor seating and service areas, restrictions on sound equipment, televisions, lighting, noise levels, garbage receptacles and litter. The Planning Commission also is authorized to impose additional conditions as it deems appropriate.

Application to Port Property

When the legislation was introduced by Supervisor Bierman in late 1997, Port property from the Bay Bridge to China Basin Channel was proposed for inclusion in the Special Use District. Port staff met with Supervisor Bierman, Rick Mariano (representing the Rincon Point-South Beach CAC) and Sue Hestor (representing other interested parties in the South Beach area) to express staff's strong opposition to inclusion of Port property based on the following:

1.. **The Waterfront Plan just adopted by the Port Commission, the Planning Commission, and the Board of Supervisors sets forth acceptable and unacceptable Port land uses.** Extensive land use and environmental analysis, including comprehensive review of compatibility with surrounding uses, was conducted with the Planning Department to determine appropriate uses. In addition, Port land uses also are already limited by the Public Trust Doctrine and, where applicable, BCDC. Many uses listed in the proposed legislation are therefore already restricted or precluded. (e.g. adult entertainment and massage parlors).

2. **The Waterfront Plan recognizes the needs of the resident population in South Beach.** The Plan states that "With the introduction of significant new residential population in the South Beach/China Basin area and the visitors anticipated at the proposed ballpark, public attention is now focused on improving the piers and shoreline. Residents and employees in the area should be able to enjoy the benefits of living and working along the waterfront in an environment that

is safe and inviting. The deteriorated condition of the piers and general lack of waterfront activity do not foster that feeling of security and, in fact, tend to create a physical and aesthetic barrier to public enjoyment. As piers are upgraded, new activities and accompanying public access improvements should welcome people to the waterside and complement the developments occurring inland."

3. The many different Port sites in the proposed Special Use District require different treatments. The Waterfront Plan identifies distinct policies for three different subareas of South Beach and different policies for different types of property (seawall lots versus piers). For example, the Waterfront Plan acknowledges that it may be preferable to direct nighttime entertainment, or other active uses which can operate successfully in an area with high ambient noise levels, to locations near or under the Bay Bridge where the noise from the Bay Bridge would mask any project-related sounds, and where nearby buildings have and will be developed with extra sound-proofing because of the Bay Bridge traffic noise. Furthermore, it may be preferable to encourage more active uses on piers in the South Beach area than on the seawalls, because the piers provide more space to allow for buffers between new development and existing residences. The acceptable uses and Development Standards in the Waterfront Plan reflect these differences.

4. The Port Commission, Planning Commission and the Board of Supervisors recently approved General Plan amendments and new processes that will streamline and add certainty to the development approval processes for the acceptable land uses set forth in the Waterfront Plan. The revised development approval process requires that the Port, the Planning Department and BCDC conduct public joint design review meetings for major projects proposed on Port property. The uncertainty created by new interim zoning controls and yet another planning process would hinder the development of the uses which the citizen's advisory committee approved for the waterfront, and would reduce the attractiveness of Port property for redevelopment, thereby limiting the Port's ability to provide maritime subsidies and public access.

5. Consistent with Chapter 5 of the Waterfront Land Use Plan, the Port will establish an Advisory Group for each major new project. The Advisory Group will provide community input and guidance at an early stage in the development process when the feasibility of proposed development concepts is analyzed and refinements are considered. The Advisory Group will include community representatives and other qualified individuals, as appropriate for the site and project concept under consideration.

6. The Port, City and BCDC approval processes also provide many other opportunities for public input to help shape new projects.

We are pleased to inform the Commission that our discussions were very fruitful. Port staff, Mr. Mariano and Ms. Hestor agreed to jointly recommend that the proposed Board of Supervisors legislation be amended to exclude all Port property under the control of the Port Commission. In turn, Port staff agreed to recommend to the Port Commission adoption of the following Proposed Additions to the Waterfront Plan which will help the Port meet its Waterfront Plan objective of

ensuring that new development is complementary to the existing residential community, particularly in light of the crowds that will be attracted to the Ballpark.

Proposed Additions to the Waterfront Plan

1. For Piers 26, 28, 30-32, 34, 36, 38, 40 and Seawall Lots 328 and 330 the following "Good Neighbor" Development Standards would apply to bars, restaurants which sell alcohol, large fast food restaurants, and assembly and entertainment uses, unless the Port Commission makes a specific finding that a particular condition is unnecessary or infeasible.

   a. Any indoor and/or outdoor activity located within 300 feet of a residential unit shall, during the period from 10:00 p.m. to 6:00 a.m., ensure that sound levels emanating from such activities do not exceed the acceptable noise levels established by the San Francisco Noise Ordinance. Police Code, Article 29.

   b. The tenant shall post interior signs and request that patrons leaving the premises after 10:00 p.m. leave the establishment and the neighborhood in a quiet, peaceful and orderly fashion and not litter or block driveways in the neighborhood. The tenant shall alert the San Francisco Police Department if exiting patrons are causing a disturbance.

   c. All garbage receptacles shall be enclosed and no garbage shall be put on the sidewalk for collection, except as permitted by Article 5.1 of the Public Works Code.

   d. The tenant shall keep sidewalks fronting the premises clean of debris and litter and shall walk a 100 ft. radius from the premises sometime between thirty minutes after closing and 8:00 a.m. the following morning to pick up and dispose of any discarded trash left by area patrons.

   e. The tenant shall designate a neighborhood liaison contact person whose name and phone number shall be made available to the Port and to neighborhood associations in the area.

2. The design of any new developments on Piers 30-32, 34, 36, 38 and 40 should provide appropriate buffers, setbacks or other design solutions for open air bars, restaurants, and nighttime entertainment activities that front The Embarcadero as necessary to mitigate noise impacts from such uses on residential neighbors.

3. On Seawall Lot 330, freestanding bars and restaurants which sell alcohol and which are within 100 feet of a residential dwelling on adjoining blocks shall close no later than 12:00 midnight Sunday through Thursday, and 2:00 a.m. on Friday, Saturday and evenings before a holiday, unless such uses are established inside a hotel. Outdoor seating and service areas along Beale Street shall close and the establishment shall stop service in those areas between the hours of 10:00 p.m. and 6:00 a.m. New patrons shall not be seated in such outdoor seating and service

areas later than 45 minutes before closing time. In the outdoor service and seating areas, lighting shall be appropriately screened and diffused.

Proposed Notice of Port Activities

Staff also agreed to recommend Port Commission adoption as policy of the following Notice of Port Activities provisions to ensure that the community receives appropriate notice of Port development and leasing activities. Mr. Mariano and Ms. Hestor were concerned that if Port properties were not included in the Special Use District and, in particular, if Port land uses were not subject to the City's conditional use process, then interested parties would not receive adequate notice of Port projects which could negatively impact the residential neighborhood. For example, the City's conditional use process requires notice of projects by Newspaper 20 days in advance of Planning Commission action. Mr. Mariano and Ms. Hestor agreed that the following proposed notice requirements for Port projects would provide adequate community notice in lieu of the Conditional Use Process.

Special Temporary Events at Pier 30-32

1. The Port of San Francisco's Events Coordinator will give notice of pending special events in the area at least one week prior to such special event to the Rincon Point-South Beach CAC, property managers in the area and others who have requested notice.

2. The Port will require that notice be sent to neighborhood organizations requesting notice of any request for a loud speaker permit on Port property between the Bay Bridge and China Basin, so that they may raise concerns, if any, at any hearings.

3. The Port will require that all amplified sound cease after 10:00 p.m., that loud speakers will be directed towards the water, and that event promoters hire special service police officers to patrol the nearby streets and parking areas, adding a uniformed police presence to the area as a cautionary measure.

4. The Port will require the event promoter to submit a traffic plan which provides for parking on SWL 330, Pier 30-32 and /or valet parking.

Major New Development Projects

1. Consistent with Chapter 5 of the Waterfront Land Use Plan, The Port will establish an Advisory Group for each major new development project to provide input and guidance at an early stage in the process when the feasibility of proposed development concepts is analyzed and refinements are considered. The Advisory Group will include community representatives and other qualified individuals, as appropriate for the site and project concept under consideration.

2. Newspaper Notice: Notice of Port Commission hearings on matters related to major new development projects (i.e. issuing RFPs/Qs, authorizing exclusive rights to negotiate, and approving leases for the project) on Port property will be provided by publication in a newspaper of general circulation in San Francisco not less than 10 days prior to the date of the hearing. The

notice will contain a description of the property such as a street address and/or pier or seawall location and/or cross streets, so that the public can understand the location of the property, and a brief description of the matter before the Port Commission in a sufficiently clear manner to alert a reasonable person that he/she may have reason to seek more information on the item or attend the meeting. If the matter before the Port Commission is too complex to briefly describe, the notice should so indicate and inform the public where they may obtain additional information.

3. Agenda Notice: Notice of Port Commission hearings on matters related to major new development projects (i.e. issuing RFPs/Qs, authorizing exclusive rights to negotiate, and approving leases for the project) on Port property will be provided via the Port Commission's regular agenda, which will be mailed to all persons requesting notification of Port development projects no later than 72 hours before the regular meeting of the Port Commission.

4. Notice to Neighborhood Groups: When the Port Commission intends to hold public hearings on matters related to major new development projects between the Bay Bridge and China Basin Channel (i.e. issuing RFPs/Qs, authorizing exclusive rights to negotiate, and approving leases for the project), the Port will provide notice to neighborhood groups requesting notice of such matters, as early as possible, and at least as early as the agenda notice described above.

5. Requests for Bids or Proposals and Awards of Contracts Related to Major New Development Projects: The Port will provide notice by publication of requests for bids or proposals for the purchase or lease of materials, supplies, equipment, services, construction, work or improvements involving expenditures of $50,000 or more. Notice also will be given by publication after any such award is made.

6. Posting of Signs Required: Notice shall be posted 10 days before lease approval for a major development project as provided in Planning Code Sec. 306.8(b).

7. Notice Provided By or With Other Agencies:

a. Port/Planning/BCDC: provide notice of Joint Design Review hearings proposed in Waterfront Plan.

b. Planning Department: Provides various forms of notice related to environmental review for projects and also for amendments to the General Plan, Planning Code.

c. BCDC provides notice for any Design Review Board and Commission hearings on projects within its jurisdiction

Change in Land Use

1. Notice will be given, and a public hearing will be held before any change in land use is adopted by the Port Commission.

2. Newspaper Notice: Notice of a change in land use that will be considered for approval by the Port Commission will be provided by publication in a newspaper of general circulation in San Francisco at least 48 hours before the regular meeting of the Port Commission at which the matter will be heard. The notice will contain a description of the property such as a street address and/or pier or seawall location and/or cross streets, so that the public can understand the location of the property, the term and permitted uses under the lease, and a brief description of the proposed land use change in a sufficiently clear manner to alert a reasonable person that s/he may have reason to seek more information on the item or attend the meeting. If the matter is too complex to briefly describe, the notice should so indicate and inform the public where they may obtain additional information.

3. Agenda Notice: Notice of a change in land use that will be considered for approval by the Port Commission will be provided via the Port Commission's regular agenda, which will be mailed to all persons requesting notification of such matters at least 72 hours before the regular meeting of the Port. In addition, for those submitting a written request to receive agenda packets distributed to the Port Commission, copies of agenda packets can be provided at nominal cost.

New Leases Approved by the Port Commission

1. Newspaper Notice: Notice of any new lease of Port property that will be approved by the Port Commission will be provided by publication in a newspaper of general circulation in San Francisco at least 48 hours before the regular meeting of the Port Commission at which the transaction is heard. The notice will contain a description of the property such as a street address and/or pier or seawall location and/or cross streets, so that the public can understand the location of the property, and the term and permitted uses under the lease, in a sufficiently clear manner to alert a reasonable person that he/she may have reason to seek more information on the item or attend the meeting. If the terms of the transaction are too complex to briefly describe, the notice should so indicate and inform the public where they may obtain a copy of the proposed lease.

2. Agenda Notice: Notice of any new lease of Port property that will be approved by the Port Commission will be provided via the Port Commission's regular agenda, which will be mailed to all persons requesting notification of Port leases at least 72 hours before the regular meeting of the Port Commission.

3. Community Notice: The Port will provide notice in written form and by a posted on-site sign consistent with Planning Code Section 306.8(b) of proposed new leases or leases currently under negotiation for restaurants, bars and/or nightclubs on Piers 30-32, 34, 36, 38 and 40 and Seawall Lot 330, one (1) week in advance of the approval of such lease, to neighborhood groups and others who request such notices. The notice shall include the following information: proposed uses, square footage (including outdoor areas) and capacity of the restaurant and/or bar areas, or both where both are contemplated in the lease, hours and other "good neighbor policies" which

are contemplated in the lease negotiations, the identity of the principals associated with the lease, and any planned use of amplified sound. The list of those receiving such Community Notice shall be updated annually. If the lease is part of a major new development project, then the notice procedures for major new development projects will control.

New Leases Approved by Staff Consistent with Port Leasing Policy.

1. Newspaper Notice: Notice of any new lease of Port property that will be approved by Port staff consistent with the Port's Leasing Policy will be provided by publication in a newspaper of general circulation in San Francisco at least 48 hours before the transaction is approved. The notice will contain a description of the property such as a street address and/or pier or seawall location and/or cross streets, so that the public can understand the location of the property, and the term and permitted uses under the lease, in a sufficiently clear manner to alert a reasonable person that he/she may have reason to seek more information on the item. If the terms of the transaction are too complex to briefly describe, the notice should so indicate and inform the public where they may obtain a copy of the proposed lease.

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Prepared by: Anne Cook, Manager, Waterfront Planning

AC/fj/H:AGD1-27-98.doc\1/20/98

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98 - 09

ADOPTING ADDITIONS TO THE WATERFRONT LAND USE PLAN TO ADDRESS LAND USE COMPATIBILITY WITH THE SOUTH BEACH RESIDENTIAL NEIGHBORHOOD AND ADOPTING PUBLIC NOTICE PROVISIONS TO INFORM INTERESTED PARTIES OF PENDING PORT LEASING AND DEVELOPMENT ACTIVITIES IN THE SOUTH BEACH AREA.

WHEREAS, on June 24, 1997, the Port Commission adopted the Final Waterfront Land Use Plan in compliance with the provisions of Proposition H (adopted November, 1990), and

WHEREAS, the Final Waterfront Land Use Plan and its Waterfront Design and Access Element describes the Port's official land use policies to guide the long-term management and development of property under the jurisdiction of the Port of San Francisco; and

WHEREAS, the Final Waterfront Land Use Plan contains policies to ensure that new land uses on Port property in the South Beach area complement the burgeoning South Beach residential neighborhood; and

WHEREAS, on January 5th, 1998, the Board of Supervisors adopted Legislation creating interim zoning controls and the Ballpark Special Use District for the purposes of ensuring that new uses which may arise around the Ballpark do not cause excessive noise, traffic or other negative impacts on the neighboring residential areas; and

WHEREAS, Port property has been excluded from that District; and

WHEREAS, the Port nevertheless supports the goals of the proposed Ballpark Special Use District to protect the residential neighborhood from excessive noise and other impacts which could result from inappropriate development in the area; and

WHEREAS, the Port staff met with representatives of the South Beach residents and businesses to determine how best to ensure that the goals of the proposed Ballpark Special Use District are met on Port property without hampering the revitalization of the waterfront called for in the just completed Waterfront Land Use Plan; and

WHEREAS, based on these meetings, Port staff recommends adoption of the attached Additions to the Waterfront Plan to help the Port meet its Waterfront Plan objective of ensuring that new development is complementary to the existing residential community; and

WHEREAS, the Port staff also recommends Port Commission adoption of the attached Notice of Port Activities provision to ensure that interested members of the South Beach community receive timely notice of Port development and leasing activities; and

WHEREAS, this action does not require further environmental review because it can be seen with certainty that there is no possibility that this action can have a significant adverse impact on the environment; now, therefore, be it

RESOLVED, that the Port Commission hereby adopts the Additions to the Waterfront Plan attached to this Resolution as Exhibit A; and

FURTHER RESOLVED, that the Port Commission hereby adopts the Notice of Port Activities attached to this Resolution as Exhibit B.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

Exhibit A

Proposed Additions to the Waterfront Plan

1. For Piers 26, 28, 30-32, 34, 36, 38, 40 and Seawall Lots 328 and 330 the following "Good Neighbor" Development Standards would apply to bars, restaurants which sell alcohol, large fast food restaurants, and assembly and entertainment uses, unless the Port Commission makes a specific finding that a particular condition is unnecessary or infeasible.

a. Any indoor and/or outdoor activity located within 300 feet of a residential unit shall, during the period from 10:00 p.m. to 6:00 a.m., ensure that sound levels emanating from such activities do not exceed the acceptable noise levels established by the San Francisco Noise Ordinance. Police Code, Article 29.

b The tenant shall post interior signs and request that patrons leaving the premises after 10:00 p.m. leave the establishment and the neighborhood in a quiet, peaceful and orderly fashion and not litter or block driveways in the neighborhood. The tenant shall alert the San Francisco Police Department if exiting patrons are causing a disturbance.

c. All garbage receptacles shall be enclosed and no garbage shall be put on the sidewalk for collection, except as permitted by Article 5.1 of the Public Works Code.

d. The tenant shall keep sidewalks fronting the premises clean of debris and litter and shall walk a 100 ft. radius from the premises sometime between thirty minutes after closing and 8:00 a.m. the following morning to pick up and dispose of any discarded trash left by area patrons.

e. The tenant shall designate a neighborhood liaison contact person whose name and phone number shall be made available to the Port and to neighborhood associations in the area.

2. The design of any new developments on Piers 30-32, 34, 36, 38 and 40 should provide appropriate buffers, setbacks or other design solutions for open air bars, restaurants, and nighttime entertainment activities that front The Embarcadero as necessary to mitigate noise impacts from such uses on residential neighbors.

3. On Seawall Lot 330, freestanding bars and restaurants which sell alcohol and which are within 100 feet of a residential dwelling on adjoining blocks shall close no later than 12:00 midnight Sunday through Thursday, and 2:00 a.m. on Friday, Saturday and evenings before a holiday, unless such uses are established inside a hotel. Outdoor seating and service areas along Beale Street shall close and the establishment shall stop service in those areas between the hours of 10:00 p.m. and 6:00 a.m. New patrons shall not be seated in such outdoor seating and service areas later than 45 minutes before closing time. In the outdoor service and seating areas, lighting shall be appropriately screened and diffused.

Exhibit B

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of the matter before the Port Commission in a sufficiently clear manner to alert a reasonable person that he/she may have reason to seek more information on the item or attend the meeting. If the matter before the Port Commission is too complex to briefly describe, the notice should so indicate and inform the public where they may obtain additional information.

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AC/fj/H:AGD1-27-98.doc\1/20/98

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

January 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. Frankie G. Lee
Hon. James Herman
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Selection of Advisory Group for Ferry Building Renovation Project

This matter is before you as an informational item related to the Ferry Building Renovation Project. No action by the Commission is required.

We have selected a well-qualified group of citizens to participate in an Advisory Group for the Ferry Building Renovation Project. As outlined in the Waterfront Land Use Plan, an Advisory Group's purpose is to provide early professional expertise and community input in the conceptualization of Port projects. As you know, considerable work has already been done in this regard with respect to the Ferry Building Renovation Project. This Advisory Group will be most helpful as we work to prepare and issue a developer Request For Proposals.

We have been fortunate to be able to include individuals with demonstrated expertise and experience in the San Francisco waterfront, retail and office development and operations, historic preservation, ferry and other boating operations, and provision of public access. A list of Advisory Group members is attached. The Advisory Group has met on January 8th and 20th. Its next meetings will be on February 5th and 19th from 5-7 PM in Port Commission Meeting Room, after which we expect to be able to request authorization to issue the Request For Proposals for the renovation and restoration of the Ferry Building. These meetings are open to the public.

Attachment

Prepared by: Paul Osmundson

THIS PRINT COVERS CALENDAR ITEM NO. 7B

Ferry Building Advisory Group Roster

Name/Address	Phone #	Fax #
David Bahlman Foundation for San Francisco's Architectural Heritage 2007 Franklin Street San Francisco, CA 94104	(415) 441-3000	(415) 441-3015
Anne Halsted 1308 Montgomery Street, #2 San Francisco, CA 94133	(415) 398-5077	(415) 398-6315
Herb Lembcke Sony Development 150 – 4th Street, Suite 500 San Francisco, CA 94103	(415) 537-3400	(415) 537-3411
Jane Morrison 44 Woodland Avenue San Francisco, CA 94117	(415) 564-1482	_____
Bill O'Connor O'Connor & Associates 351 California Street, Suite 600 San Francisco, CA 94104	(415) 675-7260	(415) 394-6390
Marina Secchitano Inland Boatmen's Union of the Pacific 450 Harrison Street San Francisco, CA 94105	(415) 896-1224	(415) 896-1226
Julia Viera Friends of Islais Creek Channel 6 Hillview Court San Francisco, CA 94124	(415) 826-5669	(415) 826-1405
Don Wyler Gerson Bakar Associates 201 Filbert Street, Suite 700 San Francisco, CA 94133	(415) 391-1313	(415) 394-8574

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

January 16, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. James Herman
Hon. Frankie G. Lee
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to issue a Request for Proposals for a Consultant to provide Accounting Services to Review Earthquake Repair Project Documentation in Preparation for FEMA/OES Audit

DIRECTOR'S RECOMMENDATION: Approve Resolution.

Background

As the result of the October 17, 1989 Loma Prieta Earthquake, a number of Port owned structures along the waterfront were damaged. The Federal Emergency Management Agency (FEMA) and the State Office of Emergency Services (OES) are financing most of the earthquake repair and hazard mitigation work. To date the cost of this work is almost $25 million. This amount has been provided to the Port in 182 separate funding items, called "DSR's."

Except for four remaining large projects, (Ferry Building, Pier 48, Pier 70 and Pier 27-29) all repair projects have been completed. Completed projects are subject to final audit inspection by FEMA and/or OES. Prior to 1997, the Port dealt principally with OES representatives on accounting and auditing matters. In 1997, FEMA representatives began handling the Port's projects. Region IX DCC of FEMA recently issued documentation guidelines for actual project costs. The suggested documentation differs in form and content from the records that the Port has prepared since 1989.

Project Scope

Given the amount of funding received over the past nine years, this accounting is quite complex. Accordingly, the Port is seeking consulting services from a qualified professional (preferably an accountant) to review its project accounting records and to direct the correction of any documentation deficiencies prior to the final audit process. These services will include:

1. Assembled and reporting on the adequacy of the Port's detailed documentation and cost summaries.

2. Recommendation for improvements to the accounting and estimate the time required to implement the recommendations by either Port staff or consultant staff.

3. Comparison of the scope of the actual work performed to the scope of work approved in the DSR's and a detailed reporting of any discrepancies.

4. Reconciliation of the total cost of work performed to amounts billed by or advanced to the Port:

    - Evaluation and reporting of eligible costs and potential additional reimbursement
    - Assessing and reporting any potential reimbursement of Port labor costs not previously billed.

5. Assessing and reporting potential disallowances (i.e. ineligible costs, work not within scope, exceeded DSR, etc.)

Funding

The Port has $287,000 available in administrative funds received to date from FEMA/OES that staff proposes to use to fund the contract. We expect the contract to be significantly less than the amount available.

Prepared by: Ben Kutnick, Director of Finance & Administration

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-07

WHEREAS, The Port has $24.7 million in earthquake repair project grants from the Federal Emergency Management Association (FEMA) and the State Office of Emergency Services (OES); and

WHEREAS, Staff requests outside assistance to review the Port's documentation in preparation for final audit by FEMA/OES; and

WHEREAS, Funds are available in administrative funds received from FEMA/OES, therefore, be it

RESOLVED, That staff is authorized to issue a Request for Proposals to hire a consultant to provide such services described in the accompanying memorandum.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

January 20, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Michael Hardeman, President
Hon. Denise McCarthy, Vice President
Hon. James Herman
Hon. Frankie G. Lee
Hon. Kimberly Brandon

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval to Re-appropriate $460,000 for Fire Sprinklers for Pier 50 Shed A.

DIRECTOR'S RECOMMENDATION: Approve Resolution.

The Commission approved $460,000 in the 1995/96 Capital Plan to fund the construction of demising walls for Pier 50 Shed A. The scope of the project was to subdivide Shed A (85,000 square feet) into demised spaces of approximately 8,000 square feet each in order to accommodate an assessed need for smaller spaces. In addition, the demising walls would have provided necessary fire protection.

In the interim, the Real Estate and Asset Management staff has been able to lease approximated 28,113 square feet of space for various warehouse/storage uses without the demising walls. Furthermore, staff has determined that there is grcater demand for warehouse/storage space at Pier 50 than for smaller demised spaces. Therefore, Port staff, in consultation with the Port Fire Marshall, has concluded that the rcmaining 56,887 square feet of Pier 50 Shed A is more leasable without the addition of the proposed demising walls.

Demand for warehouse/storage space remains high. However, Picr 50 Shed A does not meet current fire code standards without sprinklers or demising walls. The Port Firc Marshall has imposed a prohibition on future leasing of Pier 50 Shed A until such time as a fire sprinkler system is installed and operational.

THIS PRINT COVERS CALENDAR ITEM NO. 8B

The Port is currently installing a new water main to Pier 50 and installing sprinklers in the new maintenance facility at Pier 50 Shed D. It is cost effective to install the sprinklers at Pier 50 Shed A at the same time. Therefore, the Real Estate and Asset Management staff requests the re-appropriation of $460,000 from the Pier 50, Shed A demising wall project, to the Pier 50 fire installation project. Revenue from leasing 90% or 51,198 square feet of the remaining 56,887 square feet of Shed A at $0.35/sq. ft./mo. equals $17,919 monthly or $215,032 annually. The payback period on this project would be 26 months.

Prepared by: Ben Kutnick, Director of Finance and Administration

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-08

WHEREAS, The Port Commission previously approved $460,000 in the capital plan for demising walls at Pier 50 Shed A; and

WHEREAS, Port staff has determined that the space is now leasable without demising walls; and

WHEREAS, The Fire Marshal has imposed a prohibition on future leasing of Pier 50 Shed A until a fire sprinkler system has been installed and is operational; now, therefore, be it

RESOLVED, That the $460,000 in capital funding previously appropriated for demising walls at Pier 50 Shed A be re-appropriated for the Pier 50 sprinkler project; and, be it further

RESOLVED, That staff is directed to complete a Supplemental Appropriation in the amount of $460,000 to obtain funding approval from the Mayor and Board of Supervisors.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of January 27, 1998.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

JANUARY 27, 1998
MINUTES OF THE MEETING

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MEMBERS, PORT COMMISSION

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HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. FRANKIE G. LEE
HON. JAMES HERMAN

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
JANUARY 27, 1998

1. ROLL CALL

The meeting was called to order by Commission President Michael Hardeman at 4:07 p.m. The following Commissioners were present: Michael Hardeman, Denise McCarthy, Frankie Lee, James Herman and Kimberly Brandon.

2. APPROVAL OF MINUTES – December 18, 1997 Special Meeting

ACTION: Commissioner Herman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

3. EXECUTIVE

A. Election of Port Commission Officers

Commissioner Hardeman opened the floor for nominations of Port Commission officers.

ACTION: Commissioner Lee nominated Commissioner McCarthy as President of the Commission. Commissioner Brandon seconded the motion. Commissioner Hardeman indicated that the nomination was accepted by acclamation. All of the Commissioners were in favor. Commissioner McCarthy was unanimously elected President of the Commission.

ACTION: Commissioner McCarthy nominated Commissioner Brandon as Vice President of the Commission. Commissioner Lee seconded the motion. Commissioner Hardeman indicated that the nomination was accepted by acclamation. All of the Commissioners were in favor. Commissioner Brandon was unanimously elected Vice President of the Commission.

Commissioner Hardeman thanked everyone and indicated that it was a pleasure serving as the President of the Commission for the last two years. He will continue to do everything in his power to support the new officers, members of the Commission and staff.

Commissioner McCarthy thanked everyone and looked forward to Commissioner Hardeman's help and to the year ahead.

B. Executive Director's Report

Mr. Wong, on behalf of staff, congratulated and welcomed the new officers. He thanked Commissioner Hardeman for his support and for doing a fabulous job.

Mr. Wong reported that on Wednesday, January 21, the Port of San Francisco announced that the Mayor has signed a legislation establishing new rules for waterfront development. The legislation amends the City's General Plan, Planning Code and Zoning Map to establish consistent land use policies for the waterfront and a new approach for coordinating project reviews by the Port and the City. Maritime, commercial, recreation, public and open space uses allowed in the Waterfront Land Use Plan are now permitted under the City's zoning, replacing the previous requirement for conditional use permits for any new non-maritime use on Port property north of the Bay Bridge. Port staff finally received the Board of the Supervisors' and the Mayor's blessing on the plan. Mr. Wong thanked not only the Commissioners but as well as Port staff and members of the Waterfront Plan Advisory Board for their hard work.

On a sad note, Mr. Wong reported that Bill Lax, Port sheetmetal worker, passed away on January 14, 1998. Mr. Lax was also an officer of Sheetmetal Local #104 for 16 years and oarsman for the Port Rowing team. He was an active member of his church in Pacifica, a person who was liked by everyone who knew him and always with a smile on his face. Mr. Lax leaves a wife, two daughters, son and one grandson. Mr. Wong requested that today's meeting be adjourned in his honor.

C. Resolution authorizing the Executive Director to seek exclusive collaboration between Resource Consultants, Nancy Leigh Olmsted and the Port of San Francisco for production of a Ferry Building Keepsake Book as part of the centennial celebration of the Ferry Building in July 1998. (Resolution No. 98-02)

Renee Dunn, Public Relations Officer, requested Commission's approval for exclusive collaboration between Nancy Olmsted of Resource Consultant and the Port of San Francisco for a production of a camera-ready manuscript for a Ferry Building Keepsake book as part of the centennial celebration of the Ferry Building. On July 14 of this year, San Francisco will celebrate the 100th birthday of the Ferry Building, one of the City's most treasured landmarks. During this century (from 1898-1998), the Ferry Building has seen the City transformed from the industrial age to the information age. It has survived the 1906 earthquake and has served as the focal point of transportation between the East Bay and San Francisco before the Bay Bridge was built in 1936. Since the removal of the Embarcadero freeway in 1991, ferryboat service has been on the rise. The Ferry Building, along with spectacular views of the waterfront, has been effectively given back to the people. San Franciscans and visitors alike are rediscovering the beauty of our waterfront.

Ms. Dunn indicated that the pictorial history that staff is proposing is meant to be a keepsake book about the Ferry Building, a book that provides a serious look and a sampling of the splendid photographs that exist in museum archives, libraries and

family albums. Staff has provided the Commission an example of how the Ferry Building photos can be brought to life with lively quotations from San Franciscans and visitors.

Ms. Dunn asked for Commission's approval for the exclusive collaboration with Mrs. Nancy Olmsted on this project because of her unique and extensive background in producing such historical boats related to the San Francisco waterfront. Mrs. Olmsted along with her late husband have completed approximately 25 historical books related to the history of San Francisco, in particularly books on maritime and waterfront-related subjects. She then introduced Mrs. Olmsted.

Mrs. Olmsted, Resource Consultants, indicated that she and her late husband did the big work on the San Francisco waterfront sewer called the cleanwater program. She is a site-specific historian. She showed the Commission a sampling of her work and gave a brief description of each.

Commissioner Lee agreed that Mrs. Olmsted is the right person to do this project as she sends a message of passion for the project.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

D. Resolution authorizing the Executive Director to seek exclusive collaboration between Graphics Licensing Enterprise and the Port of San Francisco for a one-year period for development, production and merchandising, wholesale and retail of a Port of San Francisco product line for the Ferry Building Centennial. (Resolution No. 98-03)

Ms. Renee Dunn, Public Relations Officer, sought Commission's approval for the collaboration between Graphics Sportswear and the Port of San Francisco for the development, production and merchandising of a Port of San Francisco product line to generate revenue for the Port and to promote the Port in this centennial year of the Ferry Building. The Port will be celebrating the 100th birthday of the Ferry Building in July. On or around July 14, the Port would like to hold a public event at the Ferry Building plaza for the centennial celebration. In preparation for this proposed event, the Port seeks to allow Graphics Sportswear to develop, produce and market, both wholesale and retail, a Port of San Francisco product line including but not limited to, T-shirts, baseball caps, shirts, sweaters and boaters bags in order to generate revenue, promote the Port and to increase awareness with the public for the Ferry Building centennial celebration.

Graphic Sportswear, a San Francisco based company since 1979, provides merchandise and marketing services to the San Francisco Giants, Golden State Warriors, Oakland A's, Bay to Breakers, Nordstrom's, Macy's, the Gap/Banana Republic, Esprit, and KNBR, to name a few.

Mr. Bart Taylor, sales manager of Graphics Sportswear, provided the Commission a briefing about his company and showed the Commission samples of his product-line.

In response to Commissioner Herman's inquiry about the formal commemoration of the Ferry Building and what was passed, Legal Counsel Noreen Ambrose replied that the agreement that the Commission approved authorizes Mrs. Olmsted to proceed with preparing a manuscript about the Ferry Building for a Ferry Building Keepsake Book. For $20,000, she will write the manuscript for the book and will obtain from various archives the right to use the photographs from their archives in the publication of the book. The Commission will be asked sometime in the next few months to enter into a separate agreement with a publisher to publish the manuscript.

Commissioner McCarthy acknowledged former Commissioner Frank O'Neill, who was in the audience.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

4. MARITIME

A. Approval of Berthing Agreement and Lease No. L-12552 for a term of one-year with four one-year options with California Sealift Terminals, Inc. to layberth seven vessels belonging to the U.S. Maritime Administration at Piers 27, 50, 80 and 96. (Resolution No. 98-10)

Mr. Peter Dailey, Acting Maritime Director, requested the Commission's approval for a berthing agreement and lease with California Sealift Terminals, Inc. to layberth seven berths belonging to the U.S. Maritime Administration at Piers 27, 50, 80 and 96. The United States Department of Transportation, acting through the Maritime Administration ("MARAD"), operates and maintains a fleet of cargo ships of various types for use by the Department of Defense in the event a sealift of military equipment is required for national security.

These ships are maintained in a ready status at various locations in the U.S. They are manned by crews whose duty is to keep the ships in a readiness condition so that they are able to be fully manned and ready to load cargo within 96 hours of notice of activation.

This past November, MARAD solicited bids for layberthing services for seven "ready reserve" ships to be positioned in California. The Port worked closely with two companies interested in using Port of San Francisco facilities for these ships. These two companies each have bid on similar services in other ports in the U.S. and have contracts with the U.S. Government for layberthing services around the country.

One of these companies, Sealift Companies of Jacksonville, Florida, was, according to MARAD, the lower bidder for this solicitation. Their bid was for all seven ships to be located in San Francisco at Piers 27, 50, 80 and 94/96 under the name California Sealift Terminals, Inc. ("CST"). In order for our berths to meet the MARAD bid requirements, substantial physical improvements will need to be made. CST will be responsible for these capital improvements to the piers, including enhancing electric power, water, sewer, fendering, security and dredging. The estimated improvements that CST will make to our berths will cost approximately $1.5 million. As the low bidder, CST is expected to be awarded the contract from MARAD. However, CST must demonstrate that it has a legally enforceable right to the possession of the facilities to provide the layberthing services. This lease and berthing agreement will provide that right to possession. In the event CST is denied the award of the contract, the lease becomes void.

Port staff anticipates that MARAD will award the bid to CST by February 15, 1998. Once awarded the bid, CST will have the right to occupy the premises and enable them to commence construction on the necessary berth improvements. The ships are expected to be assigned to CST by June 15. Rent accrual will commence at that time. Staff's proposed berthing agreement and lease will mirror the MARAD contract. It will be for five one-year periods, renewable annually by MARAD. CST will pay the Port $766,500 per year for the seven berthing sites. In the event that the government cancels part of the contract for an individual ship or ships, the Lease will terminate for the cancelled berth and the rent will decrease by a proportional amount. The Port retains all the improvements made to the berth.

The lease differs from the standard lease parameters in that the rent is based on a daily per ship rate of $300, but it includes defined space on each pier next to the ship. It has been determined by the City's Office of Environmental Review that the project is categorically exempt under the California Environmental Quality Act.

Mr. Dailey indicated that this is an exciting business opportunity for the Port and a hopeful achievement of another one of our goals for our maritime business plan to increase labor at the Port. Having these ships on the waterfront will not only help the Port but will help our harbor service company and our ship repair customers as well.

Commissioner Herman inquired if this contract is between the Maritime Administration and certain steamship companies. He also inquired about the parties negotiating the contract. Mr. Dailey replied that the item in front of the Commission is a berthing arrangement between the Port and California Sealift Terminals, Inc. It is a subsidiary of an old company, but it is a new company specified for this project. Port staff negotiated the contract between the Port and CST. The labor workforce was represented by the required unions.

In response to Commissioner Herman's inquiry about the employees that would be required to load and unload the vessels, Mr. Dailey replied that any loading of

cargo ships on the West Coast would be employed by longshoremen labor. Cargoes, however, will not be loaded at our piers. These will be their layberth facility. Commissioner Herman inquired if there is an existing contract which serves as an example of what the contract would look like. Mr. Dailey replied that there is such a contract and will provide the Commissioner a copy for his review. He added that this type of work has been going on in California for many years. These ships are currently berthed in Oakland and in Richmond. Commissioner Herman asked if the Commission can get a copy of the collective bargaining agreement between the companies that operate the vessels and the conditions under which the crews are employed. Mr. Dailey indicated that he would secure a copy for the Commission's review.

Commissioner Lee indicated that this is a great idea. He commended the Executive Director and Mr. Dailey for the negotiation of this contract. Commissioner Lee indicated that this is exactly what the Port needs – more maritime activity along the waterfront and this will bring income to the Port. He shares Commissioner Herman's concern about ensuring that the workers that do any loading/unloading work on the ships be a part of the organized labor union.

Mr. Dailey thanked Chief Wharfinger Charles Mitchell who played a huge role in organizing and completing this task.

Mr. Craig McCabe inquired which berth at Pier 27 is going to be used. Mr. Dailey replied that the southern berth of Pier 27 would be used. Mr. McCabe indicated that the cruise ship business is booming and the ships are getting bigger, he wondered if this might affect the ability of large cruise ships to berth at the Port. Mr. Dailey replied that there would be a ship berth at Pier 27. If there is an overflow needed for cruise business, staff feels that for the foreseeable future, that business can be accommodated at Pier 35. There are, however, alternative berths along the waterfront to handle the overflow.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

5. REAL ESTATE AND ASSET MANAGEMENT

A. Informational item concerning Request for Qualification for Pier One.

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that last year, after several months of discussions with developers and maritime office users, Port staff believes that the market and demand for maritime office use can now justify the cost of rehabilitating Pier 1. Staff has issued a Request for Qualifications to solicit interest from parties that have the experience and expertise to master lease the pier and to rehabilitate it primarily for maritime-related offices. The objective is to renovate the bulkhead building and pier sheds so that it meets current seismic safety and building code standards and to accommodate the needs of maritime office

users which potentially may include the Port's administrative offices. The Port will have to vacate the Ferry Building once the renovation begins at the Ferry Building and Pier 1 may be a possible site for the Port. She added that there was an *Examiner* article yesterday, which had an erroneous information that the Port is going to replace the Pier 1 Deli during the rehabilitation of the pier. Ms. Tsen emphasized that specifically in the RFQ, staff provided for Pier 1 Deli to remain as a casual dining convenience restaurant. As well, there may be ancillary complementary commercial uses in support of parking. At least 70% of the building's gross area must be occupied by maritime office spaces, commercial recreation uses and incidental parking supporting the maritime office uses and the Ferry Building. Non-maritime office users can occupy the residual 30% of the gross building area. Port staff expects that the renovation will be completed by March 2000. Staff has sent out an RFQ to a wide list and advertised in several publications. Staff sent out 49 RFQ packages to developers and MBE groups; 106 to maritime firms; 128 notices to architects and brokers and those who had expressed general interest in the Port's RFP and 113 notices to MBE/WBE firms. Staff expects to receive responses by February 18. Staff will evaluate the responses according to the selection criteria delineated in the RFQ.

Staff will then make a recommendation to the Commission on March 24 with an exclusive right to negotiate with the selected party. During the exclusive right to negotiate period, staff will be negotiating the economic terms and other conditions of the lease agreement. Staff will keep the Commission fully briefed. Timing for this project is especially important and staff is anxious to select the master lessee developer as soon as possible. Ms. Tsen indicated that there is only a certain window of opportunity with regards to the real estate market and staff's ability to relocate the Port's administrative offices will affect the timing for the renovation of the Ferry Building.

Commissioner Lee commented that he wholeheartedly supports the Pier One RFQ. He wondered if this item was ever brought to the Commission for review. Ms. Tsen indicated that the reason it has not come to the Commission for review and approval is because when staff has request for interest that go out for maritime lease, they have not come to the Commission to receive actual action. The exclusive right to negotiate will certainly come before the Port Commission. It is a matter of policy in the past that the Commission has not asked for request for interest on piers or properties entertaining maritime development. Commissioner Lee suggested that perhaps the Commission should review the RFQs. Commissioner McCarthy concurred. Executive Director Wong interjected and indicated that there has been a lot of interest now that the Waterfront Plan has been adopted. This might be an opportune time for staff and Commission to sit down and re-evaluate how to proceed with the proposals, some of which are unique. As the Port continues to move forward and continues to get publicity, staff receives a lot of response not only from the development community but also from the maritime industry.

Commissioner Lee indicated that he hates to see that the Commission is the last one

to know. Although this proposal is albeit unique, the Commission should try to set up a process so that the Commission, staff and the public are all on the same wavelength. Ms. Tsen indicated that staff would welcome a discussion of what the Commission would like to see and what matters must come before them prior to issuance.

Former Commissioner Frank O'Neill, from Menlo Research Institute, indicated that last night's article certainly got their attention regarding Pier 1 Deli. Pier 1 Deli is a 28-year tenant of the Port in good standing. They have been negotiating on this matter for about 8 months. He indicated that he, Assemblyman Lou Pappan and his aide, Alex Turk has met with the Executive Director and Kirk Bennett. They felt that they had an agreement on all terms and conditions with two exceptions: the commencement date, which will be adjusted because of the construction, and a possible location. The language was supposed to be ironed out but they have received a letter negating their understanding.

Mr. O'Neill indicated that he has received a call from a developer/friend of his who has received the RFQ. Mr. O'Neill inquired of him about the chances of Pier 1 Deli remaining in place. His friend stated that according to the RFQ they don't even have to consider Pier 1. He then referred to pages 2 and 10 of the RFQ. Mr. O'Neill asked that the RFQ be amended to state that the Pier 1 Deli is considered a tenant in good standing and the terms and conditions should be as outlined and agreed to previously with the remaining issues ironed out. He reiterated that according to RFQ there is absolutely no protection or requirement nor judgment that the Pier 1 Deli would be protected. He asked the Commission's consideration of Pier 1 being included in the document.

Commissioner McCarthy asked for clarification or comment regarding this matter. Legal Counsel John Rakow replied that the Port's policy is to take speaker's comments under consideration. The Commission can then discuss the issue with the Executive Director and Port staff. This is not an action item and the Commission is not required to take any action to approve this RFQ or to vote on any resolution.

B. Approval of termination agreement with Burlington Northern Santa Fe Railroad for property located on Seawall Lot 337 and within Mission Bay. (Resolution No. 98-06)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that Seawall Lot 337 and Seawall Lot 340 is located south of China Basin Channel bounded by Third Street, Terry Francois Blvd, Mariposa Street and Illinois Street. Earlier this year, the Port entered into a lease agreement with the Giants to construct a temporary parking facility on Seawall Lot 337 to support the new ballpark. That agreement was in anticipation of the termination of an existing lease with the Burlington Northern Santa Fe Railroad. The lease with Atchison, Topeka, Santa Fe Railway Company was entered into in 1950 prior to the Port being formed and was entered into by the State Harbor Commission for San Francisco Harbor. Santa Fe recently merged with the Burlington Northern Railroad and is

now known as the Burlington Northern Santa Fe Railway Company. The rent under the lease is $0.01 per square foot per month. The lease term is for 50 years and would expire in November 2000. Santa Fe has requested the Port to terminate the lease prior to its expiration and Santa Fe has ceased operation in the area. The early termination of the Santa Fe lease is also a benefit to the Port. The Port can achieve significantly higher rents during these next few months on Seawall Lot 337 until the Giants take over the site to start construction. Port's agreement with the Giants provides for the payment of rent during the construction period. The rent during the construction period would be equivalent to the rental income that the Port is receiving at the time they gave notice. The Port has every incentive to achieve rents higher than $0.01 a square foot but in order to do so staff must first terminate the agreement with Burlington Northern Santa Fe.

With regard to hazardous materials that may be on the site, the termination agreement allows the Port to require Santa Fe to remove or remediate any toxic material which may have been introduced during Santa Fe's tenancy.

Commissioner Lee indicated that he is concerned about hazardous materials on the site. He understands that Santa Fe is responsible for any toxic materials found on the site. Ms. Tsen concurred and added that Santa Fe is responsible for materials that might have been placed at the site during their occupancy. Commissioner Lee asked how long they are liable and if there is a cap on the dollar amount they are liable. Legal Counsel Neil Sekhri replied that Santa Fe has requested for the termination about three years ago. Before the Port agreed with the termination, staff wanted to have a base line of what the condition of the soils was. For the last three years, Port staff and Santa Fe have negotiated the scope of doing a Phase 2 for the property. They have already done a Phase 1. In addition, Catellus will be taking most of the property as part of the Mission Bay transfer and they have also done their own testing. The extent of testing has been done for the entire site and all of the area within the Santa Fe project has shown pretty low levels of toxicity and the Regional Board has already looked at this information. There has been no regulatory action required to be taken at this time based on what was found. As development may occur in the future and soils excavated, there might be measures that need to be taken at that time. There is also no cap on what Santa Fe's responsibility would be as long as it was placed during their occupancy and there is no time limit as to when they are liable. Since Phase 2 has been done, Port staff knows the condition of the property today.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

6. FACILITIES & OPERATIONS

A. Authorization to approve an agreement with PG&E for the relocation and undergrounding of the Port gas service and meter to the Ferry Building (Resolution No. 98-04)

Mr. Alex Lee, Director of Facilities and Operations, indicated that this item is to authorize staff to execute an agreement with PG&E to relocate the Ferry Building gas meters. The gas meters are located on the northwest corner of the World Trade Center. Construction of the Mid-Embarcadero project requires the relocation of aboveground gas meter service at the Ferry Building. The new meters will be located in a vault located just north of the building and west of the seawall and under the new promenade being constructed as part of the project. PG&E has agreed to place the meters underground but because this is not a standard installation for PG&E, they will not accept the relocation cost. The Port will be charged for the relocation of the meters and, in addition, will be charged for Special Facilities charge for the non-standard equipment. The cost of this work, after negotiations with PG&E, is less than $90,000. DPW has made a tremendous effort on Port's behalf to obtain funding for this project but was not successful. Funding is being provided from the Port's Capital Project Plan. The agreement with PG&E will be made on PG&E's standard Special Facilities agreement.

Commissioner Lee commented that this is quite a bit of money to move the meters. Mr. Alex Lee indicated that Port staff tried very hard to get someone else to pay for it but was not successful.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

B. Authorization to advertise for competitive bids for 1998 dredging. (Resolution No. 98-05)

Mr. Alex Lee, Director of Facilities & Operations, indicated that this item is for authorization for advertisement of competitive bids for spring 1998 maintenance dredging. The Port requires that maintenance dredging be performed at various Port facilities in spring 1998. The facilities included in the spring maintenance dredging are Pier 35 east, Pier 80 B and C and Pier 80 C approach. The table entitled Port of San Francisco Spring 1998 Maintenance Dredging enumerated the estimated dredge quantity and dredge spoils requiring upland disposal. Staff believes that there is a 5% dredge flow that might be brought upland which would cost approximately $65 per cubic yard. Commissioner Lee noted that the cost is more expensive than concrete.

Staff estimates that the total cost would be $650,000. Mr. Lee noted that he, Peter Dailey and Ben Kutnick have been working on a dredging plan for the next two years. The Phase 2 dredging plan would be for the central basin and Pier 80 at a cost of close to $1.8 million.

Commissioner Lee inquired who makes the decision on what to be brought to a disposal site. Mr. Alex Lee replied that the decision is made by a group called DMMO, comprised of representatives from the Environmental Protection, BCDC,

Regional Water Quality Board and Army Corps of Engineer. Testing plans and samples are reviewed and depending on the samples, the Port is required certain amount to be brought upland. Before a dredging permit is issued, the group has to approve the plan.

Commissioner Hardeman indicated that last year, Commissioner Herman mentioned that the Port is falling behind on dredging. Whether that is true or not, Commissioner Herman should be delighted that this is something that needs to be done and supports it wholeheartedly. Mr. Alex Lee concurred that for many years, there were no dredging activities at Pier 80.

Commissioner McCarthy commented that she's happy that this is a part of a two-year plan and indicated that this is a smart way to do it.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

7. PLANNING & DEVELOPMENT

A. Proposed additions to the Waterfront Land Use Plan to address land use compatibility in South Beach area; and proposed notice provisions to inform interested parties of pending Port leasing and development activities in the South Beach area. (Resolution No. 98-09)

Ms. Anne Cook, Waterfront Planning Manager, indicated that on November 26, 1997, the Port Commission entered into a Lease with China Basin Ballpark Company, allowing the development of Pacific Bell Ballpark on Port property at China Basin Channel. The ballpark is expected to bring 3 to 4 million fans to the area annually.

The Citizens Advisory Committee for the Rincon Point-South Beach Redevelopment Area is concerned that the Ballpark will bring new uses to the area which will be incompatible with the area's increasingly residential character. When the ballpark opens, there will be an estimated 4,000 residential units and 9,000 residents in the area.

Of particular concern to the CAC are non-Port sites immediately to the north and to the west of the ballpark site, which are zoned for heavy industrial uses. When the Rincon Point-South Beach Redevelopment Plan and the South of Market Plan were adopted, the plans did not consider how best to ensure that commercial activity which will likely emerge around the ballpark does not cause excessive noise, traffic, or nuisances to the residents of the adjacent neighborhoods. The CAC therefore requested that the Board of Supervisors consider new interim and permanent land use controls to ensure compatibility among new land uses in the area.

When the legislation was introduced by Supervisor Bierman in late 1997, Port

property from the Bridge to China Basin Channel was proposed for inclusion in the Special Use District. Port staff met with Supervisor Bierman, Rick Mariano (representing the Rincon Point-South Beach CAC) and Sue Hestor (representing other interested parties in the South Beach area) to express staff's strong opposition to inclusion of Port property based on the following:

1. The Waterfront Plan just adopted by the Port Commission, the Planning Commission and the Board of Supervisors sets forth acceptable and unacceptable Port land uses.
2. The Waterfront Plan recognizes the needs of the resident population in South Beach.
3. The many different Port sites in the proposed Special Use District require different treatments.
4. The Port Commission, Planning Commission and the Board of Supervisors recently approved General Plan amendments and new processes that will streamline and add certainty to the development approval processes for the acceptable land uses set forth in the Waterfront Plan.
5. Consistent with Chapter 5 of the Waterfront Land Use Plan, the Port will establish an Advisory Group for each major new project.
6. The Port, City and BCDC approval processes also provide many other opportunities for public input to help shape new projects.

Port staff's discussions with members of the Board, Rick Mariano and Ms. Hestor were extremely fruitful. Based on those discussions, Port staff, Mr. Mariano, Ms. Hestor agreed to jointly recommend to the Board of Supervisors to exclude all Port property under the Port Commission control. In turn, Port staff agreed to recommend to the Port Commission adoption of the following proposed additions to the Waterfront Plan which will help the Port meets its Waterfront Plan objective of ensuring that new development is complementary to the existing residential community and also to adopt and clarify the Port's notice provisions for use in the South Beach area. The proposed additions to the Waterfront Plan are:

1. For Piers 26, 28, 30-32, 34, 36, 40 and Seawall Lots 328 and 330, the following "Good Neighbor" Development Standards would apply to bars, restaurants, which sell alcohol, large fast food restaurants, and assembly and entertainment uses, unless the Port Commission makes a specific finding that a particular condition is unnecessary or infeasible.

    - Any indoor and/or outdoor activity located within 300 feet of a residential unit shall, during the period from 10:00 p.m. to 6:00 a.m., ensure that sound levels emanating from such activities do not exceed the acceptable noise levels established by the San Francisco Noise Ordinance, Police Code Article 29.
    - The tenant shall post interior signs and request that patrons leaving the premises after 10:00 p.m. leave the establishment and the neighborhood in a quiet, peaceful and orderly fashion and not litter or block driveways in the neighborhood. The tenant shall alert the San Francisco Police Department if

exiting patrons are causing a disturbance.

- All garbage receptacles shall be enclosed and no garbage shall be put on the sidewalk for collection, except as permitted by Article 5.1 of the Public Works Code.
- The tenant shall keep sidewalks fronting the premises clean of debris and litter and shall walk a 100 ft. radius from the premises sometime between thirty minutes after closing and 8:00 a.m. the following morning to pick up and dispose of any discarded trash left by area patrons.
- The tenant shall designate a neighborhood liaison contact person whose name and phone number shall be made available to the Port and to neighborhood associations in the area.

2. The design of any new developments on Pier 30-32, 34, 36, 38, and 40 should provide appropriate buffers, setbacks or other design solutions for open air bars, restaurants, and nighttime entertainment activities that front the Embarcadero as necessary to mitigate noise impacts from such uses on residential neighbors.

3. On Seawall Lot 330, freestanding bars and restaurants which sell alcohol and which are within 100 feet of a residential dwelling on adjoining blocks shall close no later than 12 midnight Sunday through Thursday and 2:00 a.m. on Friday, Saturday and evenings before a holiday, unless such uses are established inside a hotel. It would be in the hotel's interest to regulate the activity or their own guests. Outdoor seating and service areas along Beale Street shall close and the establishment shall stop service in those areas between the hours of 10 p.m. and 6 a.m.

In addition, staff proposed the following special notice requirements for Port activities in this area. These notice provisions will not be a part of the Waterfront Plan but rather the operating procedures for the Port.

1. Special Temporary Events at Pier 30/32.
   - The Port's event coordinator will give notice of pending special events in the area at least one week prior to such event.
   - The Port will require that notice be sent to neighborhood organizations requesting notice of any request for a loud speaker permit on Port property between the Bay Bridge and China Basin.
   - The Port will require that all amplified sound cease after 10 p.m., that loud speakers will be directed towards the water, and that event promoters hire special police officers to patrol the area.
   - The Port will require the event promoter to submit a traffic plan, which provides for parking on SWL 330, Pier 30/32 and/or valet parking.

2. Major New Development Projects are given the highest notice provisions.
   - Consistent with Chapter 5 of the Waterfront Land Use Plan, the Port will establish an Advisory Group for each major new development project.
   - Notice of Port Commission hearings on matters related to major new development projects (i.e. RFP/Qs, authorizing exclusive right to negotiate,

and approving project lease) on Port property will be provided by publication in a newspaper of general circulation in San Francisco not less than 10 days prior to the date of the hearing.

3. Notice of Port Commission hearings on matters related to major new development projects on Port property will be provided via the Port Commission's regular agenda.

4. Notice to Neighborhood Groups will be provided.

5. Notice of Requests for Bids or Proposals and Awards of Contracts related to Major New Development projects.

6. Posting of Signs required 10 days before lease approval of major new development projects.

Ms. Cook mentioned that a lot these requirements are either on the Charter or requirements that Port staff already is engaged into.

If there are changes in the land use, newspaper and agenda notices will also be provided. For new leases approved by the Port Commission, in addition to the newspaper and agenda notices, community notice will also be provided. With regard to the new leases approved by staff consistent with Port Leasing Policy, newspaper and community notices will be provided.

Commissioner Hardeman inquired if staff feels comfortable with this deal. Ms. Cook indicated that staff feels comfortable with it although a little concern about having more administrative workload but feels that in this particular area, there is a legitimate community concern.

Ms. Cook mentioned that the date on the third "whereas" of the resolution should be December 22, 1997 instead of January 5, 1998. She also noted that under item 3 of the Special Temporary Events at Pier 30/32, a clause should be added which states... "as determined necessary by the Police Department."

ACTION: Commissioner Lee moved approval of the resolution, as amended; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

B. Informational item concerning selection of Advisory Group for the Ferry Building Renovation Project.

Mr. Paul Osmundson, Director of Planning and Development, indicated that the matter before the Commission requires no Commission action. As outlined in the Waterfront Land Use, the Port Commission adopted a policy to establish advisory groups for major development projects. Port staff has selected a well-qualified group of citizens to participate in an advisory group for the Ferry Building

Renovation Project. Considerable work has already been done. Staff expects that the advisory group is going to be extremely helpful as staff prepares a Request for Developer Proposals. The Port has been very fortunate to include individuals on this advisory group with demonstrated expertise and experience in the San Francisco waterfront, retail and office development and operations, historic preservations, ferry and boating operations and provisional public access. He enumerated the members of the advisory group: David Bahlman, executive director of S.F. Heritage; Anne Halsted, former Port Commissioner; Herb Lembcke, Sony Development; Jane Morrison, Waterfront Plan Advisory Board member and San Francisco Tomorrow; Bill O'Connor, resident of the Golden Gateway; Marina Secchitano, Inland Boatmen's Union; Julia Viera, member of the Waterfront Plan Advisory Group; and Don Wyler, from Gerson Bakar Associates. The group has already met twice in January. The next meetings are scheduled on February 5th and 19th in the Port Commission Room at 5 p.m. Following that process, staff will be before the Commission at the second meeting in February to request authorization to issue for Request for Proposals for the Ferry Building Renovation project. The meetings are open to the public.

Commissioner Lee commended staff for putting together a well diverse mix of individuals for the advisory group. Mr. Osmundson thanked Alec Bash, project manager for the Ferry Building project, for putting this group together.

8. FINANCE & ADMINISTRATION

A. Authorization to issue a Request for Proposals for a consultant for Accounting Services to review earthquake repair project documentation in preparation for FEMA/OES audit. (Resolution No. 98-07)

Mr. Ben Kutnick, Director of Finance and Administration, indicated that as a result of the October 1989 Loma Prieta earthquake, the Port embarked on several earthquake repair projects. The Federal Emergency Management Agency (FEMA) and the State Office of Emergency Services (OES) are financing most of the earthquake repair and hazard mitigation work. The cost of this work is almost $25 million. To date, the Port received approximately $22,668,145. Except for four remaining large projects, all repair projects have been completed. Completed projects are subject to final audit inspection by FEMA and/or OES. Prior to 1997, the Port dealt principally with OES representatives on accounting and auditing matters. In 1997, FEMA recently issued documentation guidelines for actual projects costs. The suggested documentation differs in form and content from the records that the Port has prepared since 1989. Mr. Kutnick believes that our documentation is in good order; however, he feels that to bring in a qualified professional to review its project accounting records and to direct the correction of any documentation deficiencies prior to the final audit process is a worthwhile investment. He estimates that the cost of this service will cost in the $50,000 range. The Port has $287,000 available in administrative funds received from FEMA/OES that staff proposes to use for this contract.

Commissioner Lee concurred with Mr. Kutnick that it is a good idea to have an outside auditor to review the records. He asked Mr. Kutnick if there is anything that the Port should be concerned that the outside auditor should be checking on. Mr. Kutnick replied that staff has not found anything that would cause great concern. Port staff has done a good job. However, because the amount of money at stake, this service is necessary.

Commissioner Brandon inquired on the cost of the contract. Mr. Kutnick estimated that it would probably cost $50,000. If it should exceed that amount, staff will be back to the Commission for approval. Commissioner McCarthy inquired if this is a one-person contract. Mr. Kutnick replied to the affirmative.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

B. Approval to re-appropriate $460,000 for fire sprinklers for Pier 50 Shed A (Resolution No. 98-08).

Mr. Kutnick, Director of Finance and Administration, indicated that the Commission previously approved $460,000 in the 1995/96 Capital Plan for the construction of demising walls at Pier 50 Shed A. The Port's Real Estate division, at the time, believed it to be in the Port's best interest to provide demising walls to reduce the amount of individual space because it is more attractive to potential tenants. At the same time, those demising walls would have provided the necessary fire protection.

In the interim, Real Estate staff has been able to lease approximately 28,113 square feet of space at Shed A without the demising walls. Staff has determined that there is a greater demand for larger space at Pier 50. Staff believes that there is no need, at this time, for demising walls. At the same time, in order to lease space at Pier 50, the Fire Marshal required that sprinklers be installed. Mr. Kutnick asked the Commission's approval to re-appropriate the funds for fire sprinklers for Pier 50 Shed A. After discussions with Engineering and Real Estate staff, the best estimate is that we should be able to complete sprinkler systems at both Sheds A and B at Pier 50. Any shortage of funds for the sprinkler project would be made up with savings from the Pier 50 improvement project.

Commissioner Lee inquired if the $460,000 is included in the Capital Plan. Mr. Kutnick replied to the affirmative.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor. The resolution was adopted.

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Ron El Poso, member of the ILWU, welcomed California Sealift Terminals in this new work endeavor. As long as this new contract does not conflict with current contracts and the ships at those piers, he supports their presence at the Port. He indicated that they have lost the Oakland Army Base work; it was a valuable contract. He was glad to see that the dredging program has been approved. However, his main concern was development at Pier 30/32. Several months ago, he heard that Disney was considering a cruise terminal at Pier 30/32 and wondered about the status of a potential cruise terminal at the Port. He believes Pier 35 certainly serves the City well; however, it's size and location is becoming a problem. He strongly urged the Commission to consider a cruise terminal at Pier 30/32.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:55 p.m., the Commission Secretary announced the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – **This session is *closed to any non-City/Port representative*.***

a. Property: Muni Metro Western Pacific Site
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Muni: Kam Shadan

An executive session has been calendared to discuss real property negotiations between Port and Muni regarding portions of the Western Pacific site property located adjacent to Pier 80. This is specifically authorized under California Government Code Section 54956.8

b. Property: Port Property located at Pier 94/96
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Recycle Central, Inc.: Mike Sangiacomo & Don Moriel

An executive session has been calendared to discuss real property negotiations between the Port and Recycle Central, Inc. regarding the property located at Pier 94/96. This is specifically authorized under

California Government Code Section 54956.8

c. Property: Property located at 398 Jefferson Street
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
Coast Marine: Michael Day

An executive session has been calendared to discuss real property negotiations between the Port and Coast Marine regarding the property located at 398 Jefferson Street. This is specifically authorized under California Government Code Section 54956.8

12. RECONVENE IN OPEN SESSION

At 7:30 p.m., Commissioners Hardeman, McCarthy, Lee, Herman and Brandon returned from executive session and convened in open session.

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 7:32 p.m.

M. Ricardo
Commission Secretary

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, FEBRUARY 10, 1998
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

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AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** – January 27, 1998 Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

   A. Consent to assignment of Foreign Trade Zone Management Agreement located at Piers 19/23 from Foreign Trade Services, Inc. to Big C Traders, Ltd. (Resolution No. 98-16)

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Approval of month-to-month leases with C.M.P. Service Partnership for Seawall Lot 351 at Washington Street and the Embarcadero and Seawall Lot 314 at Bay Street and the Embarcadero. (Resolution No. 98-12)

   B. Request for authorization to issue Request for Proposals to lease heavy vehicle maintenance facility and storage area at Pier 96 (at the eastern foot of Cargo Way at Jennings Street) (Resolution No. 98-13)

   C. Rescission of Port Commission Resolution 94-20 concerning Cub Space Use Permits for Horse Drawn Carriages, Motorized Cable Cars and Mini Tour Bus Services. (Resolution No. 98-14)

6. **FACILITIES & OPERATIONS**

7. **PLANNING & DEVELOPMENT**

8. **FINANCE & ADMINISTRATION**

   A. Presentation regarding the 1998/1999 operating budget.

B. Approval of contract with CGMS Incorporated and Siebert Brandford Shank for Financial Advisory Services. (Resolution No. 98-11).

9. CONSENT CALENDAR

A. Approval of Encumbrance of Lease with Pier 39 L.P. in the amount of approximately $117,000,000.00 (Resolution No. 98-15)

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel regarding existing litigation matter.

B. CLOSED SESSION

1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case)

- Peak Engineering, Inc. v. Dan Caputo, Inc. et.al.; San Francisco Superior Court No. 979843.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (1 case).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 4, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James Herman
Hon. Frankie G. Lee

FROM: Douglas Wong
Executive Director

SUBJECT: Consent to assignment of Foreign Trade Zone Management Agreement located at Piers 19/23 from Foreign Trade Services, Inc to Big C Traders, Ltd.

DIRECTOR'S RECOMMENDATION: CONSENT TO ASSIGNMENT OF MANAGEMENT AGREEMENT.

Foreign Trade Services, Inc. ("Tenant") has operated the Port's foreign trade zone under a management agreement with the Port since 1977 at Pier 19/23. ("Premises") Their current management agreement commenced on April 1, 1988 and terminates March 31, 1998. This management agreement permits use of the Premises to conduct Foreign Trade Zone general warehousing. Foreign trade zones are intended to stimulate economic development in communities by providing businesses with facilities for conducting international trade activities.

The current management agreement provides for an annual fee to be paid to the port, which is, after annual CPI adjustments, $228,622.32 or $19,051.86 per month. Additionally, the tenant pays the Port $5,000 per year as a fee in accordance with Foreign Trade Zone's rules and regulations for management of a sub-zone of our foreign trade zones grant at the Chevron U.S.A facility in Richmond California. The Tenant is currently in arrears in paying the monthly use fee to the Port in the amount of $74,281.04.

THIS PRINT COVERS CALENDAR ITEM NO. 4A

The Tenant has requested that the Port consent to the assignment of the remaining term of the Management Agreement to Big C Traders, Inc., ("Assignee"). Under paragraph 25 of the existing management agreement, Tenant may assign the agreement with the prior written consent of the Port. Upon assignment, Tenant will continue to remain liable under the management agreement until its termination.

Port staff has had extensive discussions with the Assignee regarding a new five-year management agreement for operation of the Port's Foreign Trade Zone although no final agreement has been negotiated. Port staff anticipates presenting a new management agreement with Assignee to the Commission for its consideration in the near future. However, approval of this assignment does not obligate the Port Commission to enter into any new management agreement with the Assignee.

As a condition of recommending this assignment for approval, Tenant has agreed to pay all past due rents owed the Port. Port staff recommends that the Port Commission consent to the assignment of the management agreement to the Assignee, subject to all past due amounts being paid to the Port.

Prepared: Peter A. Dailey, Director of Maritime

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-16

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section 3.581(g), leases and franchises granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Port has authorized Foreign Trade Services, Inc. to be the operator of Port's foreign trade zone, pursuant to a management agreement dated December 16, 1987, as amended ("Management Agreement"); and

WHEREAS, Port Commission approval is being sought for the assignment of the remaining term of Management Agreement from Foreign Trade Services, Inc. (the "Assignor") to Big C Traders Ltd. (the "Assignee"); and

WHEREAS, the Management Agreement provides that Assignee must obtain consent of the Port for any assignment of the Management Agreement; now therefore, be it

RESOLVED, that the Port Commission hereby approves the assignment of the Management Agreement from Assignor to Assignee, and hereby authorizes the Executive Director of the Port to execute documents effecting said assignment on behalf of the Port, in such form as is approved by the City Attorney, subject to prior payment to Port of all past due rent due under the Management Agreement.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 10, 1998.

_____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

February 2, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James R. Herman
Hon. Frankie Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of month-to-month leases with C.M.P. Service Partnership for Seawall Lot 351 at Washington Street and The Embarcadero and for Seawall Lot 314 at Bay Street and The Embarcadero

DIRECTOR'S RECOMMENDATION: APPROVE LEASES.

BACKGROUND

Seawall Lot 351

Kenneth Burger ("Burger"), as successor to George L. Burger, has leased Seawall Lot ("SWL") 351 at Washington Street and The Embarcadero pursuant to Port Lease No. L-4257 since 1956. This lease for 8,854 square feet expired June 30, 1996, and Burger has been holding over on a month-to-month basis. Burger has used this property for a service station and parking, which has been operated by C&P Service, Inc., a California corporation ("C&P"), since 1986 under a management agreement with Burger. Since 1978, Burger has also rented under a Port license agreement the adjacent street right-of-ways, containing 8,188 square feet, which Burger has used for parking.

THIS PRINT COVERS CALENDAR ITEM No. 5 A

Three underground storage tanks for the service station are located on the premises. Pursuant to the California Underground Storage Tank Program, all such underground storage tanks must be upgraded, replaced or removed by December 22, 1998. Due to these regulations, as well as the anticipated commencement of the Mid-Embarcadero Transportation Project construction in April 1998 and the policies in the recently adopted *Waterfront Land Use Plan*, Burger's tenancy of SWL 351 was terminated as of November 28, 1997, with the requirement that Burger remove the underground storage tanks and other service station improvements and complete any required remediation following the termination of this lease.

Based upon C&P's experience with the existing operation and with service stations which have involved removal of storage tanks, the principals of C&P (Bart Cox and Lee H. Posten) have requested that they be allowed to continue operating parking on SWL 351 under a month-to-month tenancy while Burger removes the underground tanks and service station improvements and while construction is occurring on the Mid-Embarcadero Transportation Project. Because of their unique experience and the month-to-month tenancy, it would be impractical to bid this opportunity. Both Port staff and Burger agree with this request by the principals of C&P, and C&P is temporarily operating this parking lot under a Port License to Use Property for the period ending February 28, 1998.

Seawall Lot 314

Burger also has an existing lease (Port Lease No. L-11727) for SWL 314, comprising approximately 29,946 square feet, at Bay Street and The Embarcadero. This five-year lease expires February 15, 1998 and represents a renewal of prior leases with Burger for SWL 314 going back to 1969. Pursuant to the existing lease, the premises have been used for a car wash, gasoline sales, parking and customer convenience sales, and C&P has also managed the operation at SWL 314 under a management agreement with Burger.

Underground storage tanks for the service station are also located on these premises, which likewise must be upgraded, replaced, or removed by December 22, 1998, pursuant to the California Underground Storage Tank Program. In addition, the lease requires Burger to remove these underground tanks and other improvements at the end of the lease term. It also obligates Burger to hold the Port harmless for the cost of environmental remediation, which expires under certain conditions after five years. Due to these obligations, the requirements of the California Underground Storage Tank Program, and the anticipated redevelopment of the premises in accordance with the Port's *Waterfront Land Use Plan*, the Port and Burger mutually agreed that removal of the underground storage tanks and remediation should now be undertaken.

The principals of C&P have also requested that they be allowed to continue operating parking on SWL 314 under a month-to-month lease while Burger completes his removal work and pending the development of the seawall lot pursuant to the *Waterfront Land Use Plan*. Because of their unique experience and the month-to-month tenancy, it would be impractical to bid this opportunity.

PROPOSAL

Port staff has negotiated month-to-month leases with C.M.P. Service Partnership, a California General Partnership (whose general partners are the principals of C&P), for SWL 351 and for SWL 314, as described below.

Lease for Seawall Lot 351

Lease No.: 12533.

Tenant: C.M.P. Service Partnership, a California general partnership ("C.M.P.")

Premises: SWL 351, containing approximately 17,042 square feet. The size of the Premises will be subject to adjustment based upon changes in the alignment of The Embarcadero.

Term: Month-to-month, commencing March 1, 1998.

Use: Vehicle parking.

Base Rent: $5,500.00 per month, with annual cost of living adjustments.

The Base Rent is subject to adjustment to reflect changes in the utilization of the parking lot due to: tank removal, improvement removal, or any remediation; construction of the Mid-Embarcadero Transportation Project; improvements made to the Premises; or changes in the alignment of The Embarcadero. Such adjustments shall be proportionate to any changes in the amount of usable parking on the Premises.

Percentage Rent: 66% of parking receipts, after parking taxes.

Other: C.M.P. agrees to accommodate the tank removal, improvement removal, and any remediation undertaken to the Premises by the former tenant, Burger.

C.M.P. agrees to undertake required lighting improvements to the Premises, which would allow continued use of the Premises for parking after the tanks and other improvements are removed. The cost of such improvements will be reimbursed through rent credits against Base Rent, and such rent credits shall not exceed $25,000.00.

Lease for Seawall Lot 314

Lease No.:	12532.
Tenant:	C.M.P.
Premises:	SWL 314, containing approximately 29,946 square feet.
Term:	Month-to-month, commencing February 16, 1998.
Use:	Vehicle parking, with priority given to customers of maritime businesses on Port property, such as Pacific Marine Yachts, Hornblower Yachts, and visiting cruise ships.
Base Rent:	$3,500.00 per month initially, increasing to $7,000.00 per month on the first day of the second calendar month after Burger completes his removal work. The Base Rent shall commence when the fencing surrounding the Premises is removed by Burger, but in no event later than March 16, 1998.
Percentage Rent:	66% of parking receipts, after parking taxes.
Other:	C.M.P. agrees to accommodate the tank removal, improvement removal, and any remediation undertaken to the Premises by the former tenant, Burger. C.M.P. also agrees to undertake required improvements to the Premises, including paving and lighting, which would allow continued use of the Premises for parking after the tanks and other improvements are removed. The cost of such improvements will be reimbursed through rent credits against Base Rent, and such rent credits shall not exceed $30,000.00.

Prepared by: Kirk W. Bennett, Sr. Property Manager, Northern Waterfront/Fisherman's Wharf

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION No. 98-12

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Port Commission's approval is being sought for Lease No. L-12533 between the Port and C.M.P. Service Partnership ("C.M.P.") regarding Seawall Lot 351, and for Lease No. L-12532 between the Port and C.M.P. for Seawall Lot 314, the business terms of which are set forth in a Memorandum for Agenda Item 5 A for the Port Commission meeting on February 10, 1998; and

WHEREAS, due to the unique experience of C.M.P. and the short-term tenancies, it would be impractical to bid these opportunities; now therefore be it

RESOLVED, that the Port Commission hereby approves Lease Nos. 12533 and 12532 with C.M.P., which incorporate the business terms set forth in a Memorandum for Agenda Item 5 A for the Port Commission meeting on February 10, 1998 and which are substantially in the form on file with the Secretary of the Port Commission for said Agenda Item; and the Port Commission hereby authorizes the Executive Director of the Port or his designee, to execute said leases on behalf of the Port in such final form as is approved by the City Attorney.

I hereby certify that the Port Commission at its meeting of February 10, 1998 adopted the foregoing Resolution.

_____
Secretary

G:\WP51\AGENDAS\C&P SERVICE, INC.DOC\1/26/98

SEAWALL LOT 314
SEAWALL LOT 351
BAY
SAN FRANCISCO
KEY:
PORT LINE OF JURISDICTION
AQUATIC PARK
MARKET
STEVENSON
MISSION
MINNA
HOWARD
TERMINAL BLDG
FOLSOM
EMBARCADERO
BEACH
DAVIS
FRONT
SANSOME
BATTERY
MONTGOMERY
COLUMBUS
U.S. PIER

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 5, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James R. Herman
Hon. Frankie Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Request for Authorization to issue Request for Proposals to Lease Heavy Vehicle Maintenance Facility and Storage Area at Pier 96 (Eastern Foot of Cargo Way at Jennings Street)

DIRECTOR'S RECOMMENDATION: AUTHORIZE ISSUANCE OF REQUEST FOR PROPOSALS TO LEASE FOR HEAVY VEHICLE MAINTENANCE FACILITY AT PIER 96.

BACKGROUND

The recent transfer of cargo operations at Piers 94-96 to Pier 80 has resulted in the availability of the land and buildings at this facility for interim leasing by the Port. Located at Pier 96 is a heavy vehicle maintenance building, formerly utilized by Stevedoring Services of America for the maintenance of the container top loaders and lifts, which is currently vacant. Port staff believes that there is demand for this building as a vehicle maintenance facility for transportation and trucking firms. Port staff is seeking authorization from the Commission to issue a request for proposals for the interim lease of the facility.

THIS PRINT COVERS CALENDAR ITEM NO. 5B

Because of the proposed length of term (10 years) and the likelihood that revenues will exceed $1 million over the term of the lease, the lease will need to be approved by the Board of Supervisors of the City and County of San Francisco (Administrative Code Sections 2.110 and 9.118). Administrative Code Section 2.6.1 requires that such leases approved by the Board of Supervisors be the subject of a competitive bid process. Additionally, Administrative Code Section 23.24 recommends that City Commissions likewise utilize the competitive bid process.

The Facility

The heavy vehicle maintenance facility consists of a 26,080 square foot metal clad steel frame building and approximately 300,000 square feet of adjacent paved yard space.

Bidding Procedure

Port staff proposes to issue a Request for Proposals ("RFP") notifying potential tenants that the facility is available for lease. The RFP would contain a site map, a narrative physical description, minimum rent parameters, along with a Port Application for Lease and an offer sheet to be returned by interested respondents. Respondents would be required to submit an earnest money deposit of $20,000.00 along with the offer sheet and application to lease.

Selection

The returned submittals will be analyzed by Port staff to select the financially qualified respondent offering the best rental-term package. Port staff would then negotiate a lease with the selected respondents utilizing the Port's standard format. The earnest money deposits will be returned to the respondents not selected.

The final lease will be presented to the Port Commission and to the Board of Supervisors of the City and County of San Francisco for approval.

MINIMUM PARAMETERS

Rent: Port staff is seeking a minimum rental of $39,578.80 per month ($474,945,60 annually). This rental rate conforms to the Port Commission approved minimum rental parameters for the Southern Waterfront.

Rent Commencement: To be proposed.

Term: A term of not more than 10 years would be available. No options or lease extensions beyond 10 years would be permitted.

Term Commencement: To be proposed.

Use: Uses consistent with the facility's M-2 (Light Industrial) zoning classification will be considered. The Tenant will be required to obtain all required permits and regulatory clearance for the proposed use.

Brokerage Commission Port staff proposes to offer this opportunity as a brokerable transaction per the Port Commission's previously approved rate schedule.

Projected RFP Schedule

Port Commission Authorization to Issue RFP	February 10, 1998
Issue RFP	February 12, 1998
Site Tour	February 25, 1998
Deadline for Submittals	March 18, 1998
Selection of bidder and Lease Negotiations:	Immediately thereafter
Authorization by Port Commission to enter into lease (approximate)	April 28, 1998
Board of Supervisors Approval (approximate)	June 15, 1998
Lease Commencement (approximate)	July 1, 1998

Future Maritime Use of Pier 94-96

Port Real Estate and Asset Management and Maritime staffs believe that the interim lease of this facility will not restrict the Port's ability to utilize Piers 94-96 for container, auto or special projects cargo, should future demand require the use of these piers.

Prepared by: Nicolas J. Dempsey, Commercial Property Manager, Leasing

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION No. 98-13

WHEREAS, Charter 3.581 authorizes the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control and lands within Port jurisdiction; and

WHEREAS, the vacant Port heavy vehicle maintenance facility at Pier 96 offers an excellent opportunity to generate interim Port revenues; and

WHEREAS, the interim use of this facility will not affect the Port's ability to utilize Piers 94-96 for future container, auto and special projects cargo handling,

RESOLVED, that the Port Commission authorizes staff to offer through a request for proposals process, a lease of up to ten years for the heavy vehicle maintenance facility located at Pier 96 in accordance with the terms set forth in the Memorandum to the Port Commission for this Resolution.

I hereby certify that the Port Commission at its meeting of February 10, 1998 adopted the foregoing Resolution.

_____
Secretary

G:\WP51\AGENDAS\p96rfqmem.doc\ND\jef\2/5/98

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 4, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Rescission of Port Commission Resolution No. 94-20 concerning Curb Space Use Permits for Horse Drawn Carriages, Motorized Cable Cars and Mini Tour Bus Services

DIRECTOR'S RECOMMENDATION: Approve Resolution

On October 22, 1997, the Port Commission rescinded Resolution No. 94-20 which directed staff in 1994 to issue a Request for Proposals ("RFP") for the award of a horse drawn carriage, motorized cable car and mini tour bus use permits at Fisherman's Wharf. Following that action, John Jenkel of Carriage Charter complained to the Sunshine Ordinance Task Force alleging that the Port Commission violated the Sunshine Ordinance Sections 67.6 and 67.7 by failing to adequately describe its proposed rescission of Resolution 94-20. The Task Force concluded there was no violation, particularly since Mr. Jenkel himself had adequate notice with regard to horse drawn carriages. However, the Task Force did recommend that the Commission clarify that it intended to rescind Resolution 94-20 as it also applied to motorized cable car services and mini tour bus services, for which the October 22, 1997 agenda did not provide adequate notice. (Enclosure 1).

To preclude any confusion in the future concerning the intent of Resolution No. 94-20, Port staff requests the Commission approve the attached resolution rescinding Resolution No. 94-20 as it may still apply to all three types of curb space use permits and explicitly stating that Resolution No. 94-20 is not to have any effect upon future action by Port staff.

If, in the future, new curb space becomes available, or curb space currently under permit to horse drawn carriages, motorized cable cars or mini tour buses becomes available, Port staff will come before the Commission to request direction with regard to issuance of an RFP prior to issuing any new permit.

Prepared by: V. Fei Tsen, Director of Real Estate & Asset Management

This Print Covers Calendar Item No. 5C

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-14

WHEREAS, In February 1994, the Commission adopted Resolution No. 94-20 directing staff to issue a Request for Proposals ("RFP") for curb space use permits at Fisherman's Wharf for horse drawn carriages, mini tour buses and motorized cable cars; and

WHEREAS, The Commission desires to rescind Resolution No. 94-20; and

WHEREAS, On October 22, 1997, the Commission adopted Resolution No. 97-82 which rescinded Resolution No. 94-20, but may have done so without having provided adequate notice to operators of mini tour buses and motorized cable cars; and

WHEREAS, The Commission desires to correct any possible deficiency in its earlier rescission of Resolution No. 94-20; and, therefore, be it

RESOLVED, That Resolution No. 97-82 is hereby rescinded; and, be it further

RESOLVED, That Resolution No. 94-20 is hereby rescinded; and, be it further

RESOLVED, That Resolution No. 94-20 is not to have any effect upon future action by Port staff.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 10, 1998.

_____
Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-82

WHEREAS, In February 1994, the Commission adopted Resolution No. 94-20 directing staff is to issue a request for proposals ("RFP") for the award of a horse drawn carriage use permit at Fisherman's Wharf; and

WHEREAS, In March 1995 the Port awarded a month to month use permit (the "Permit") to Waterfront Horse Carriage Service ("Waterfront"); and

WHEREAS, At the time of award Waterfront was operated by Mr. Sears and Mr. Cohen. Mr. Cohen subsequently withdrew from Waterfront and in July 1995 the Port Commission approved the assignment of the Permit to Mr. Sears and Mr. Perkins; and

WHEREAS, In 1996, Mr. Jenkel, a disappointed offeror under the 1994 RFP, filed a petition in San Francisco Superior Court, seeking an order from the Court stating that at the time of the assignment in July 1995 the Port was required to issue a new RFP for award of a use permit; and, therefore, be it

RESOLVED, That Resolution No. 94-20 is hereby rescinded; and be it further

RESOLVED, That Resolution No. 94-20 is not to have any effect upon future action by Port Staff.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 22, 1997.

Secretary

I:\AGEND-5.DOC

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

RESOLUTION NO. 94-20

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Article 3 of the Harbor Traffic Code empowers the Port Commission to regulate use of curb space for operating businesses; and

WHEREAS, permitting the use of curb space at Fisherman's Wharf for originating land excursion tours has the potential to generate significant revenue to the Port.

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to offer through a RFP process permits to operate land excursion business using curb space at Fisherman's Wharf in accordance with the terms set forth in the attached Agenda Summary Sheet as agenda item 5B.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of February 8, 1994.

Secretary

CITY AND COUNTY OF SAN FRANCISCO

LOUISE H. RENNE
City Attorney

OFFICE OF THE CITY ATTORNEY

LORETTA M. GIORGI
Deputy City Attorney
DIRECT DIAL: (415) 554-4222

Mr. John Jenkel
Carriage Charter
3325 Gravenstein Highway N.
Sebastopol, CA 95472

January 28, 1998

VIA FACSIMILE & MAIL

Re: Sunshine Ordinance Task Force Complaint

Dear Mr. Jenkel:

At the request of the Sunshine Task Force, I have reviewed your 11/22/97 complaint, your amended complaints of 12/15/97 and 1/2/98, your attached documentation and documents submitted by the San Francisco Port Commission ("Commission"). The documentation provided by you and the Commission included a July 29, 1997 Order of the Superior Court. In short, your complaint alleges that the Port Commission violated the Sunshine Ordinance Sections 67.6 and 67.7 by failing to adequately describe a proposed action of the Commission at its October 22, 1997 meeting. Apparently, the same action item was also calendared on the Commission agendas of September 22 and October 14 1997, but was continued without any action to the October 22, 1997 meeting.

Based upon the following analysis, I have concluded that there was no violation of Sunshine Ordinance Section 67.6 or 67.7.

I begin by reviewing the facts of this case. On February 8, 1994, the Port Commission adopted resolution 94-20, which authorized the Port staff to issue a Request for Proposals ("RFP") for the non-exclusive curbspace use permits at Fisherman's Wharf to operate three types of land excursions business. The Port staff subsequently issued a RFP for three non-exclusive curbspace use permits for three types of excursion operations. These were 1) horse drawn carriages; 2) motorized cable cars and; 3) mini tour buses.

Following the RFP process, the Commission awarded curbspace use permits to Grovensor Bus Lines (motorized cable cars) and withdrew the RFP for mini tour bus curbspace use permits (Resolutions 94-83 and 94-84). The Commission subsequently authorized staff to reissue the RFP for horse drawn carriage curbspace use permits as the proposals submitted in response to the original RFP were deemed non-responsive (Resolution 94-82). The staff issued a second RFP and received two responses. One from you, on behalf of Carriage Charter and the second from Jeff Sears and Giles Cohen on behalf of Waterfront Horse Carriage Service. In July 1994, following the evaluation of the proposals, the Commission awarded the curbspace use permit to Mr. Sears and Mr. Cohen.

In early 1995 Mr. Cohen severed business ties with Mr. Sears and Waterfront Horse Carriage Service. Mr. Sears requested that the Commission assign the use permit to him and another person, William Perkins. After evaluating Mr. Perkins' qualifications, but without issuing a new RFP, the Commission, in August 1995, assigned the Sears/Cohen permit to Mr. Sears and Mr. Perkins.

Soon thereafter, you sought a writ through the Superior Court to cancel the issuance of a permit to Sears and Perkins and to compel the Commission to make the selection through the RFP process. Your alternative request was to require the Commission award the use permit to you. The basis of your writ was that the reissuance of the use permit without an RFP was a violation of resolution 94-20.

On July 30, 1997, the Superior Court found that resolution 94-20 did not contain a sunset clause and, therefore, was still "on the books". See July 30, 1998 Order Denying Respondents' Motion for Summary Judgment. Accordingly, the court held, the Commission and Port staff failed to follow the policy and procedure under resolution 94-20 and ordered the Commission not to appoint a new carriage company for the use permit until a new RFP had been conducted.

In September 1997, the Commission agenda for the September 23, 1997 meeting contained item 5A which stated "[a]uthorization to rescind Port Commission Resolution 94-20 and authorization to terminate the use permit issued to Waterfront Carriage Service Inc. (Resolution 97-82)". Item 5A was, however, continued to the October 14, 1997 meeting.

On October 14, 1997, agenda item 5B provided notice as follows: "[a]uthorization to rescind Port Commission Resolution 94-20, directing staff in 1994 to issue Requests for Proposals for horse drawn carriage use permit at Fisherman's Wharf (Resolution 97-82)". However, the item was not discussed and put over to the next meeting.

The agenda for the October 22, 1997 contained, inter alia, the following item 5A, which set forth the same notice of the action as item 5B on the October 14, 1997 agenda. Following consideration of the item and public comment, the Commission approved resolution 97-82.

Essentially, you complain that the Port Commission agenda did not provide adequate notice of the Commission's action which would, in effect, rescind the RFP process for the issuance of curbside use permits to three types of land excursion business, not only horse drawn carriage services. You do not claim that you were denied adequate notice, as the agenda item specified that resolution 97-82 applied to horse drawn carriage companies like yours.

San Francisco Administrative Code Section 67.7 requires that "a policy body shall post an agenda containing a meaningful description of each item of business to be transacted or discussed at the meeting". Section 67.7 further provides that "a description is meaningful if it is sufficiently clear and specific to alert a person of average intelligence and education whose interests are affected by the item that he or she may have reason to attend the meeting or seek more information on the item. The description should be brief, concise and written in plain, easily understood English".

The October 22 Commission agenda specified that the action to be taken would be the rescission of resolution 94-20 as it applied to horse drawn carriage services. However, Resolution 97-82 states that "resolution No. 94-20 is hereby rescinded" and "that resolution No. 94-20 is not to have any effect upon future action by Port staff." Therefore, the resolution appears to have rescinded 94-20 as it also applied to motorized cable car services and mini tour bus services.

CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CITY ATTORNEY

Because Resolution 94-84 rescinded the RFP process for mini tour bus services, Resolution 97-82 no longer applied to mini tour buses. However, because there had been no prior rescission as to motorized cable cars, the Commission agenda did not provide adequate notice to members of the public, specifically motorized cable car companies, of the contemplated action of the Commission to rescind Resolution 94-20. To that extent, the agenda notice does not comply with Administrative Code Section 67.7.

I understand that Port officials have indicated a willingness and intent to re-agendize this matter before the Commission in order to correct the deficiency in the agenda's notice regarding Resolution 97-82's application to tour bus services. Given the Port Commission's willingness to correct this error, there is no further action needed to be taken by the Task Force at this time.

Thank you for your cooperation in this matter.

Very truly yours,

LOUISE H. RENNE
City Attorney

Loretta Giorgi

LORETTA M. GIORGI
Deputy City Attorney

cc: Sunshine Task Force Members
Port Commission Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 10, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie G. Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Fiscal Year 1998/99 Operating Budget

The purpose of this item is to brief the Commission on the proposed Fiscal Year 1998/99 budget. The Commission will be asked to approve the budget on February 24, 1998; the budget will then be reviewed by the Mayor's Office. The Mayor will submit his budget to the Board of Supervisors by June 1, and the Board's final budget consideration will be on or before August 27, 1998.

The proposed Fiscal Year 1998/99 Operating Budget is summarized as follows:

	1997/98	1998/99	Increase/ (Decrease)	Percent
Revenue	$36,857,712	$38,917,700	$2,059,988	6%
Expense	36,587,245	38,566,514	1,979,269	5%
Surplus	$270,467	$351,186	$80,719	30%

THIS PRINT COVERS CALENDAR ITEM NO. 8A

Revenue

The proposed revenue budget of $38.9 million for FY 98/99 is a $2.1 million increase (6%) over the prior fiscal year. Projected revenues for FY 98/99 are as follows:

	1997/98	1998/99	Increase/ (Decrease)	Percent
Cargo	$1,536,000	$1,883,000	$347,000	23%
Ship Repair	987,000	1,200,000	213,000	22%
Harbor Services	700,000	811,000	111,000	16%
Cruise	725,700	350,700	(375,000)	(52%)
Other Marine	549,000	727,000	178,000	32%
Commercial/Industrial	23,777,000	25,716,000	1,939,000	8%
Parking	4,624,000	4,212,000	(412,000)	(9%)
Fishing	1,251,600	1,424,000	172,400	14%
Power	719,000	0	(719,000)	(100%)
Filming	150,000	175,000	25,000	17%
Special Events	75,000	95,000	20,000	27%
Miscellaneous	50,000	50,000	0	0%
Facilities & Operations	170,000	255,000	85,000	50%
Finance & Administration	1,543,000	2,019,000	475,588	31%
Total	$36,857,712	$38,917,700	$2,059,988	6%

The major changes in the FY 98/99 revenue budget over the prior fiscal year are in Cargo, Ship Repair, Cruise, Other Marine, Commercial and Industrial Rent, Parking, Power, Facilities & Operations, and Finance & Administration as a result of the following:

- Cargo revenue is projected to increase $347,000 (23%) primarily from additional rent revenue ($400,000) anticipated from Marine Terminals Corporation (MTC) at Pier 80. Effective January 1, 1998 cargo operations were moved from Pier 94/96 and Pier 27 to Pier 80, with MTC as the new terminal operator;

- Ship Repair revenue is projected to increase $213,000 (22%) as a result of S.F. Drydock percentage rent overage estimates based on their projected sales for FY 98/99;

- Cruise revenue is projected to decrease $375,000 (52%) primarily because two cruise lines have withdrawn their Alaska/Summer homeported vessels for one year. The FY 98/99 budget assumes 25 cruise calls vs. 50 in the FY 97/98 budget;

- Other Marine revenue is projected to increase $178,000 (32%) primarily because of the shift in revenue category for idle ship dockage from Cargo to Other Marine;

- Commercial and Industrial Rent is projected to increase $1,939,000 (8%) primarily due to new leasing activity, as well as increases in tenant retail sales;

- Parking is projected to decrease by $412,000 (9%). This decrease assumes that the Mid-Embarcadero Transportation Project will commence construction in January 1998, reducing the number of the Port's parking meters and stalls. The FY 97/98 budget reflected six months of impact due to this project. The FY 98/99 estimate reflects the full 12-month impact;

- Power is projected to decrease $719,000 (100%). Power revenue from tenant meters is now collected directly by Hetch Hetchy Water and Power. This revenue reduction is offset by a reduction in expense ($595,000) for Port Tenant sub-meters;

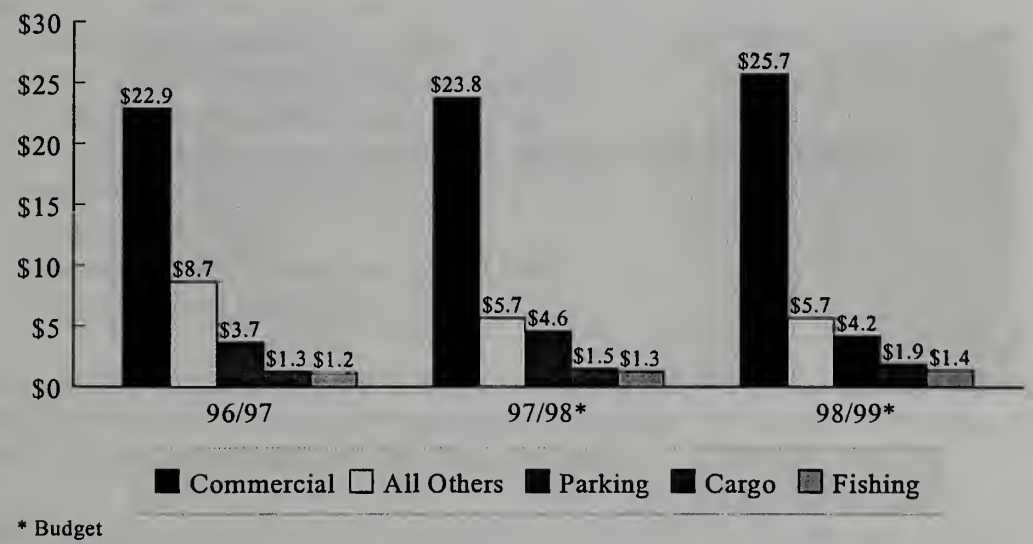
- Facilities & Operations is projected to increase $85,000 (50%) primarily due to a new work order with the Municipal Railway (MUNI) for labor and materials to repair roofs, fences and rolling doors;

- Finance & Administration is projected to increase $475,588 (31%) based on current year actuals to date.

Revenue for a three year period is as follows:

Revenue
FY 96/97 - FY 98/99

(In Millions)



* Budget

Expense

The proposed FY 98/99 expense budget of $38.6 million is a $2.0 million increase (5%) over the prior fiscal year. The expense summary for FY 98/99 is as follows:

	1997/98	1998/99	Increase/ (Decrease)	Percent
Salaries & Benefits	$15,620,258	$17,032,706	$1,412,448	9%
City-wide Overhead	683,420	705,973	22,553	3%
Other Current Expenses	3,594,767	3,187,294	(407,473)	(11%)
Materials & Supplies	1,175,907	1,263,505	87,598	7%
Fixed Charges	290,115	581,147	291,032	100%
Capital Outlay	606,252	641,375	35,123	6%
Facilities Maintenance	357,000	378,750	21,750	6%
Debt Service	8,711,841	9,069,616	357,775	4%
Insurance	600,000	650,000	50,000	8%
City Attorney	1,076,800	1,188,620	111,820	10%
Fire Protection	1,182,717	1,213,534	30,817	3%
Workers Compensation	365,553	325,000	(40,553)	(11%)
Light, Heat & Power	816,000	944,000	128,000	16%
All Other Work Orders	1,256,615	1,134,994	(121,621)	(10%)
Revenue Transfer - DPT	250,000	250,000	0	0%
Total	$36,587,245	$38,556,514	$1,979,269	5%

The major changes in the FY 98/99 expense budget over the prior fiscal year are in Salaries & Benefits, Other Current Expenses, Fixed Charges, and Services of Other Departments as a result of the following:

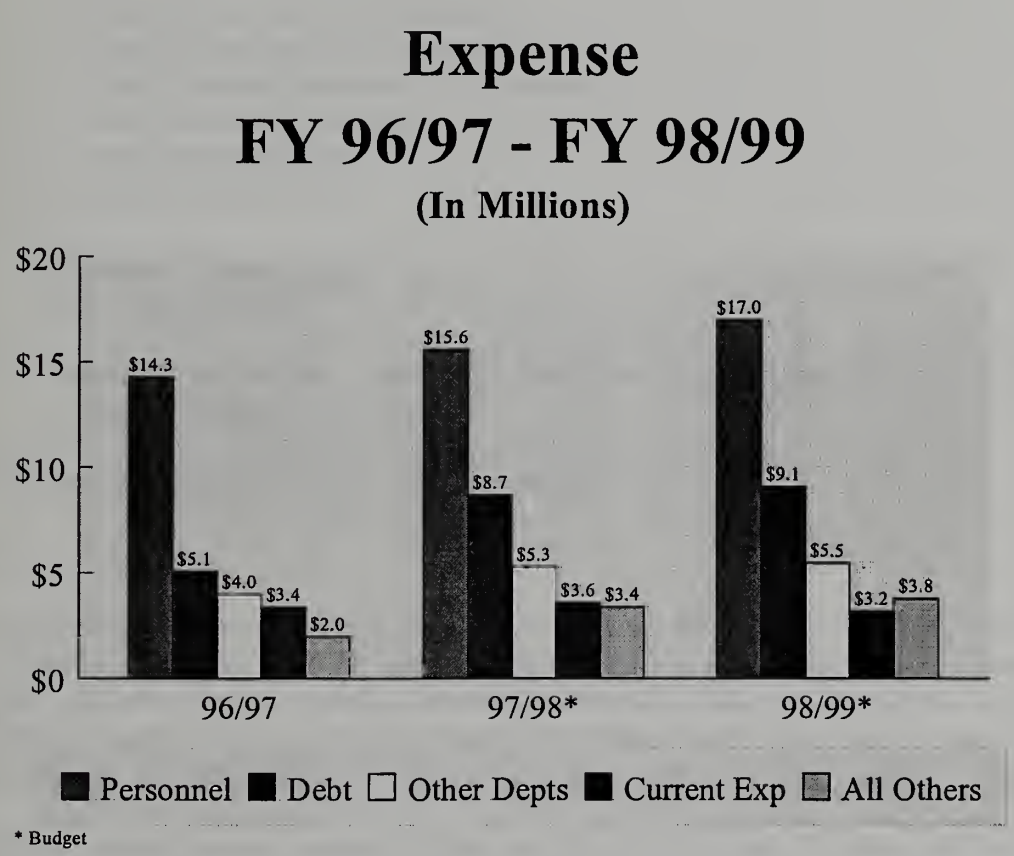
- Salaries & Benefits are projected to increase $1,412,448 (9%) as a result of:
  - Five (5) new positions: $351,248
  - Sixteen (16) reclassified positions: $76,651
  - Two (2) position substitutions: $13,791
  - Two (2) funded positions that were previously unfunded: $124,246
  - Temporary Salaries: $23,823
  - Overtime: $47,664
  - Adjustments: MOU, step, etc.: $447,442
  - Fringe Benefits: $327,583;

- Other Current Expenses are projected to decrease $407,473 (11%) primarily due to a $595,000 decrease in utilities expense that is a result of the transfer of Port tenant electricity service to Hetch Hetchy Water & Power;

- Fixed Charges are projected to increase $291,032 (100%) primarily as a result of property taxes on the Western Pacific site the Port leases from the Catellus Corporation ($238,300), as well as the payment of possessory interest taxes on the Mission Bay Wetlands property ($40,347);

- Services of Other Departments are projected to change significantly in the following areas:
  - City Attorney is projected to increase by $111,820 (10%) due to additional personnel assigned to the Port, as well as cost of living adjustments;
  - Light, Heat & Power is projected to increase $128,000 (16%) based on actual usage;
  - Police Security is projected to decrease by $82,700 (48%) as the FY 97/98 budget included an increase in service that subsequently did not occur. The FY 98/99 budget is adjusted to reflect this decision.

Expense for a three year period is as follows:



At the February 24th Commission meeting, staff will request the Commission to approve the budget and to authorize the Executive Director to make non-material changes to the annual operating budget as may be necessary. Non-material changes are generally technical adjustments to the budget, not policy changes. Examples of non-material changes would be updates to the budget for salaries and fringe benefits as City-wide MOU's are finalized or adjustments to work order amounts with other City departments as cost estimates are finalized. Once the Mayor's Office and the Board of Supervisors finalize the budget, staff will present the adopted budget, detailing all changes made by staff, the Mayor and the Board.

Prepared by: Benjamin A. Kutnick

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 4, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James Herman
Hon. Frankie G. Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Contract with CGMS Incorporated and Siebert Brandford Shank for Financial Advisory Services.

DIRECTOR'S RECOMMENDATION: Approve Resolution.

Background

Port staff recommends the Port Commission award CGMS, Incorporated ("CGMS") in a joint venture with Siebert Brandford Shank ("SBS"), a MBE/WBE business enterprise that is registered with HRC, the contract to serve as financial advisors to the Port. This recommendation is based on the scoring by the selection panel using the evaluation criteria stated in the Request for Proposals ("RFP") for Financial Advisory Services issued in November 1997.

The Port's current financial advisor contract expires on February 28, 1998. The term of the proposed contract will commence March 1, 1998 and will be for two years with two one-year renewal options at the discretion of the Port. The contract period will not extend beyond a total of four years. The scope of the work will include formulation of financing plans, including presentations of alternative financial programs and strategies; financial analysis and financial feasibility studies for real estate development alternatives at various Port sites; assistance with any debt issuance and debt management; assistance with presentation materials and meetings with rating agencies, bond underwriters, institutional investors, and other market participants and evaluation of other financial issues that may arise.

Financial advisory services are budgeted at $50,000 annually. Fees and expenses for any debt issuance will be paid from proceeds of the debt. The hourly rates for both firms, as included in their proposals are as follows:

CGMS:	Gene Slater	$185 per hour
	Robert Cornwell, Chris Gouig, Peg Stone	$160 per hour
	John Hamilton	$145 per hour
SBS:	Vincent McCarley	$175 per hour
	Mark Hughes	$160 per hour

These rates are fixed for the entire contract term, including the option periods. If any personnel are substituted, the new personnel will be charged at the same rates as the original personnel.

CGMS is an independent, national financial advisory and consulting firm with offices in San Francisco, New York, Washington DC, Atlanta and Northampton Massachusetts. The largest office is in San Francisco. Gene Slater, who is located in San Francisco and is the senior consultant assigned to this contract, is the President of the firm. CGMS specializes in the financing of real estate developments for public agencies. They currently serve as financial advisor for the Mayor's Office of Housing for the City.

SBS is an independent national financial advisory and underwriting firm headquartered in San Francisco, with seven offices throughout the United States. SBS is 100% women and minority owned. SBS primarily works under long-term engagements for such clients as the San Francisco Airport and the Lambert St. Louis Airport for their master plan related financings. They also provided assistance to the SF Unified School District on two real estate transactions involving extended negotiations and feasibility analyses.

Selection Process

The RFP was approved by the Port Commission by Resolution #97-87 on October 14, 1997. It was issued on November 20, 1997 and mailed to 90 firms identified on our mailing list. The RFP was also advertised in the Bond Buyer and the S.F. Independent. A pre-proposal conference was held at the Port offices on December 11, 1997. A representative from the Human Rights Commission was present in addition to Port staff. Nine proposals were received on December 18, 1997.

The proposals were evaluated using the criteria stated in the RFP. The top three ranked proposals were selected to be interviewed. The CGMS/SBS joint venture was ranked number one by all four panel members. In addition, the CGMS/SBS joint venture was the only team interviewed that currently meets all city requirements, including the equal benefits ordinance requirements.

Staff recommends the Commission authorize the Executive Director to execute a contract with CGMS and Siebert Brandford Shank using the Port's standard consulting services contract terms and conditions and incorporating the scope of work, hourly fees and term stated above, in a form approved by the City Attorney.

Prepared by: Ben Kutnick, Director of Finance & Administration

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-11

WHEREAS, The Port issued a Request for Proposals for financial advisory services on November 20, 1997 for the purpose of selecting a Financial Advisor to perform as needed services; and

WHEREAS, Based on the selection panel's scoring of the proposals received using the evaluation criteria stated in the RFP, the joint venture of CGMS Incorporated ("CGMS") and Siebert Brandford Shank ("SBS") was the highest ranked firm; now, therefore be it

RESOLVED, That the Port Commission approves the selection of the joint venture of CGMS and SBS to serve as financial advisor the Port; and be it further

RESOLVED, That the Executive Director is hereby authorized to execute a two year contract with two one year options to renew, at the Ports option, not to exceed four years; and be it further

RESOLVED, That the Executive Director is hereby authorized to execute a contract with CGMS and SBS using the Port's standard consulting services contract terms and conditions and incorporating the scope of work, hourly fees and term stated in the Director's February 4, 1998 memorandum transmitting this Resolution to the Commission, in a form approved by the City Attorney.

I hereby certify the foregoing resolution was adopted by the Port Commission at its meeting of February 10, 1998.

_____
Secretary

PORT OF SAN FRANCISCO **MEMORANDUM**

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

February 5, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Frankie Lee
Hon. Michael Hardeman
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Encumbrance of Lease with Pier 39 L.P. in the amount of approximately $117,000,000.00

The Port and Pier 39 L.P. ("Pier 39") entered into a lease ("Lease") for premises located at Pier 39, City and County of San Francisco ("Premises"). The Lease is described as follows: North Point Center, Inc. Lease dated August 3, 1977; Amendment to Lease dated October 31, 1979; Second Amendment to Lease dated February 28, 1980; Agreement dated January 14, 1983; Resolution 85-60 of Landlord; letter dated August 22, 1988 from Landlord to Pier 39 relating to certain rent credits; and Third Amendment of Lease, dated October 25, 1990 (the preceding documents, collectively, the "Lease").

The Lease allows Tenant to encumber the leasehold estate, subject to the Port's prior consent to such encumbrance. The Lease also provides certain leasehold mortgagee protections to the approved leasehold mortgagee.

At its meeting of December 18, 1997, by Resolution No. 97-112, the Port Commission authorized the Port's Executive Director to execute a Consent to Encumbrance of Leasehold Estate and Estoppel Certificate ("Estoppel") whereby Port would consent to the encumbrance of the Lease by Goldman Sachs Mortgage Company ("Mortgagee") in the principal amount of up to $116,000,000.00, having a term of 30 years with a refinancing contemplated after the tenth year of the term, with an interest rate anticipated to be approximately 7.25% (the "Loan").

Tenant has requested the Port for an amendment to Resolution No. 97-112, in that Tenant desires to obtain a loan in the principal amount of approximately $117,000,00.00. In order to accommodate Tenant's refinancing, Port staff recommends that the Port Commission approve increasing the amount of the loan encumbering the Lease to approximately $117,000,000.00.

Prepared by: V.Fei Tsen, Director of Real Estate & Asset Management
This Print Covers Calendar Item No. 9A

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **98-15**

WHEREAS, Port and Pier 39 L.P. ("Pier 39") entered into a lease ("Lease") for premises located at Pier 39, City and County of San Francisco ("Premises"). The Lease is described as follows: North Point Center, Inc. Lease dated August 3, 1977; Amendment to Lease dated October 31, 1979; Second Amendment to Lease dated February 28, 1980; Agreement dated January 14, 1983; Resolution 85-60 of Landlord; letter dated August 22, 1988 from Landlord to Pier 39 relating to certain rent credits; and Third Amendment of Lease, dated October 25, 1990 (the preceding documents, collectively, the "Lease"); and

WHEREAS, The Lease allows Tenant to encumber the leasehold estate, subject to the Port's prior consent to such encumbrance. The Lease also provides certain leasehold mortgagee protections to the approved leasehold mortgagee; and

WHEREAS, At its meeting of December 18, 1997, the Port Commission adopted Resolution No. 97-112, authorizing the Port's Executive Director to execute a Consent to Encumbrance of Leasehold Estate and Estoppel Certificate ("Estoppel") whereby Port would consent to the encumbrance of the Lease by Goldman Sachs Mortgage Company ("Mortgagee") in the principal amount of up to $116,000,000.00, having a term of 30 years with a refinancing contemplated after the tenth year of the term, with an interest rate anticipated to be approximately 7.25% (the "Loan"); and

WHEREAS, Tenant has asked the Port to amend Resolution No. 97-112, to allow for the Loan to be in the principal amount of approximately $117,000,000.00; now, therefore, be

RESOLVED, That the Port hereby approves the encumbrance of the Lease in a principal amount of approximately $117,000,000.00, and authorizes the Executive Director to take all such action as is required to implement such amendment, in such form as is approved by the City Attorney; and be it further

RESOLVED, That except as amended hereby with respect to the dollar amount of the Loan, the Port Commission reaffirms Resolution No. 97-112.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 10, 1998.

_____
Secretary

nhs/pier39/estoppel2

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-112

WHEREAS, Port and Pier 39 L.P. ("Pier 39") entered into a lease ("Lease") for premises located at Pier 39, City and County of San Francisco ("Premises"). The Lease is described as follows: North Point Center, Inc. Lease dated August 3, 1977; Amendment to Lease dated October 31, 1979; Second Amendment to Lease dated February 28, 1980; Agreement dated January 14, 1983; Resolution 85-60 of Landlord; letter dated August 22, 1988 from Landlord to Pier 39 relating to certain rent credits; and Third Amendment of Lease, dated October 25, 1990 (the preceding documents, collectively, the "Lease"); and

WHEREAS, The Lease allows Tenant to encumber the leasehold estate, subject to the Port's prior consent to such encumbrance. The Lease also provides certain leasehold mortgagee protections to the approved leasehold mortgagee; and

WHEREAS, Tenant is in the process of refinancing its project with a single new loan to be funded by Goldman Sachs Mortgage Company ("Mortgagee") in the principal amount of up to $116,000,000.00, having a term of 30 years with a refinancing contemplated after the tenth year of the term, with an interest rate anticipated to approximately 7.25% (the "Loan"); and

WHEREAS, In order to obtain the refinancing, Tenant has requested Port to execute a Consent to Encumbrance of Leasehold Estate and Estoppel Certificate ("Estoppel") whereby Port would consent to the encumbrance of the Lease by Mortgagee in the amount of the Loan, recognize Mortgagee as having certain rights provided to mortgage lenders set forth in the Lease, and represent that the Lease is in full force and effect, without default by Tenant; now, therefore, be it

RESOLVED, That the Port Commission hereby consents to the encumbrance of the leasehold estate by Mortgagee in the amount of the Loan, and agrees to recognize Mortgagee as having the rights under the Lease provided to the First Leasehold Mortgagee (as defined in the Lease), except that Mortgagee shall not be entitled to subordination rights against Port's right to receive minimum or percentage rents under the Lease (including, without limitation, the subordination rights set forth in Section III.G of the Lease); and be it further

RESOLVED, That the Port Commission further authorizes the Executive Director to execute a Consent to Encumbrance and Estoppel Certificate in such form as is approved by the City Attorney, implementing the Port Commission's consent to encumbrance hereunder.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of December 18, 1997.

Secretary

SAN FRANCISCO
PORT COMMISSION

FEBRUARY 10, 1998
MINUTES OF THE MEETING

DOCUMENTS DEPT.

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MEMBERS, PORT COMMISSION

HON. DENISE McCARTHY, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. FRANKIE G. LEE
HON. JAMES HERMAN

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
FEBRUARY 10, 1998

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 4:20 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon and Michael Hardeman. Commissioners Frankie Lee and James Herman were not present.

2. APPROVAL OF MINUTES – January 27, 1998 Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

Commissioner McCarthy asked staff if anyone has spoken to any member of the public regarding this meeting being cancelled due to a lack of quorum. There was no response from staff.

Commissioner McCarthy asked the Commission if there is any objection to having Item 9A heard after the Executive Director's Report. There were no objections.

3. EXECUTIVE

A. Executive Director's Report

Mr. Peter Dailey, Maritime Director, filling in for the Executive Director who is currently travelling with the Mayor and Commissioner Frankie Lee to the Philippines and Vietnam as a part of the Trade and Friendship Mission. While in Manila, the Executive Director and Mayor Brown are assisting the Port's marketing efforts by meeting with senior management at the Madrigal Wan-Hai Shipping Company, a current port steamship customer and the only Philippine shipping line offering both container and breakbulk service from Asia to the West Coast. Madrigal Wan-Hai shipping business represents a third of our cargo at the Port. Executive Director Wong and Mayor Brown, in their meeting with the shipping executives, will be discussing ways to increase service frequency to the Port.

Mr. Dailey gave a brief update on the storm-related damage to the Port. For the most part, Port facilities have been faring very well without any severe damage to date. However, there are numerous broken windows, few roof leaks and broken water lines. Our Maintenance and Engineering staff have been working long and

hard to respond to various storm-related incidents. The most significant damage has taken place at the ferry landing at Pier ½ where the float has suffered some damage. Our crews have stabilized the floats for the time being but further work needs to be done once the weather calms down. Port staff is inventorying all storm-related damage and will report to the City's office of Emergency Services for eventual cost reimbursement by FEMA. Staff will continue to keep the Commission informed regarding new developments.

9. CONSENT CALENDAR

A. Approval of Encumbrance of Lease with Pier 39 L.P. in the amount of approximately $117,000,000.00 (Resolution No. 98-15)

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution 98-15 was adopted.

4. MARITIME

A. Consent to assignment of Foreign Trade Zone Management Agreement located at Piers 19/23 from Foreign Trade Services, Inc. to Big C Traders, Ltd. (Resolution No. 98-16)

Mr. Peter Dailey, Maritime Director, indicated that Foreign Trade Services, Inc. has operated the Port's foreign trade zone under a management agreement with the Port since 1977 at Pier 19/23. Their current management agreement commenced on April 1, 1988 and terminates March 31, 1998. This management agreement permits use of the premises to conduct Foreign Trade Zone general warehousing. Foreign trade zones are intended to stimulate economic development in communities by providing businesses with facilities for conducting international trade activities.

The tenant is currently behind in making payments to the Port in the amount of $74,281.04. The tenant has requested that the Port consent to the assignment of the remaining term of the Management Agreement to Big C Traders, Inc. Under paragraph 25 of the existing management agreement, tenant may assign the agreement with the prior written consent of the Port. Upon assignment, tenant will continue to remain liable under the management agreement until its termination.

Port staff has had extensive discussions with Big C Traders regarding a new five-year management agreement for operation of the Port's Foreign Trade Zone although no final agreement has been negotiated. Port staff anticipates presenting a new management agreement with the assignee to the Commission for its consideration in the near future. However approval of this assignment does not obligate the Port Commission to enter into any new management agreement with the Assignee.

As a condition of recommending this assignment for approval, Foreign Trade Services, Inc. has agreed to pay all past due rents owed the Port. Port staff recommends that the Port Commission consent to the assignment of the management agreement to the assignee, subject to all past due amounts being paid to the Port.

Commissioner Brandon inquired if the assignment is until March 31st, Mr. Dailey replied to the affirmative.

Commissioner McCarthy stated that the Port is now in negotiations and wondered if at the conclusion of this assignment, an agreement will be in place. Mr. Dailey concurred that at the conclusion of the negotiation, staff plans to have a new management agreement in place.

Mr. Roger Pujol, a representative from the Big C Traders, indicated that Claude Jacques, the person responsible for the negotiations of the agreement, was not able to attend the meeting and that he was standing in on his behalf to answer any questions the Commission may have.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution 98-16 was adopted.

5. REAL ESTATE AND ASSET MANAGEMENT

A. Approval of month-to-month leases with C.M.P. Service Partnership for Seawall Lot 351 at Washington Street and the Embarcadero and Seawall Lot 314 at Bay Street and the Embarcadero. (Resolution No. 98-12)

Mr. Kirk Bennett, Senior Property Manager, indicated that Kenneth Burger has leased Seawall Lot 351 since 1956 and Seawall Lot 314 since 1969. Both seawall lots have been used for service station and parking. SWL 314 has also been used as a car wash facility. The business on both of the seawall lots have been operated for Kenneth Burger by C&P Services, Inc., a California corporation owned by Bart Cox and Lee Posten. Both have extensive experience with service stations and parking lot operations. The lease for SWL 351 expired in November last year and the lease for SWL 314 expires on February 15. Kenneth Burger, the tenant under the expiring leases, is responsible for underground tank removal and remediation at the end of the lease terms.

Mr. Burger, Port staff and City Attorney all agreed that this remediation and tank removal should be done now for the following reasons:

1. It is a significant obligation by Mr. Burger, under the lease;
2. The California Underground Storage Tank Program mandates that by December 22, 1998, all underground tanks must be upgraded, replaced or removed;
3. SWL 351 is part of the Mid-Embarcadero Roadway project, whose construction

begins April 1st.

4. It would create the flexibility, which the Port needs, to implement the pending development pursuant to the Waterfront Land Use Plan;
5. There is significant demand on an interim basis for both these SWL by Port businesses for interim parking until the actual development takes place. The actual time of development, however, is not certain.

With the elimination of parking in conjunction with the Mid-Embarcadero Roadway project, SWL 351 is needed for interim parking. There is also a demand for parking at SWL 314 by various maritime businesses. Port staff has negotiated the following month-to-month leases with CMP Service Partnership, a California General Partnership.

For Seawall Lot 351:

- The premises currently contain approximately 17,042 square feet. The size of the premises is subject to adjustment based upon changes in the alignment of the Embarcadero.
- The term of the lease is month-to-month, commencing March 1, 1998.
- The use will be for vehicle parking.
- The base rent would be $5,500 per month, with annual cost of living adjustments. The base rent is subject to reflect changes in the utilization of the parking lot due to: (1) tank removal, improvement removal, or any remediation; (2) construction of the Mid-Embarcadero Transportation Project; (3) improvements made to the premises; or (4) changes in the alignment of the Embarcadero. Such adjustments shall be proportionate to any changes in the amount of usable parking on the premises.
- The percentage rent would be 66% of parking receipts, after parking taxes.
- CMP agrees to accommodate the tank removal, improvement removal, and any remediation undertaken to the premises by the former tenant, Ken Burger.
- CMP agrees to undertake required lighting improvements to the premises, which would allow continued use of the premises for parking after the tanks and other improvements are removed. The cost of such improvements will be reimbursed through rent credits against base rent, at an amount not to exceed $25,000.

For Seawall Lot 314:

- The premises for the seawall lot contain approximately 29,946 square feet.
- The term is month-to-month, commencing February 16, 1998; day after the existing lease expires.
- The use is for vehicle parking, with priority given to customers of maritime businesses on Port property, such as Pacific Marine Yachts, Hornblower Yachts, and visiting cruise ships.
- The base rent is initially $3,500 per month, increasing to $7,000 per month on the first day of the second calendar month after the removal work is completed. The base rent shall commence when the fencing surrounding the premises is removed, but no later than March 16, 1998.
- The percentage rent is 66% of parking receipts, after parking taxes.

- CMP agrees to accommodate the tank removal, improvement removal and any remediation undertaken to the premises by the former tenant.
- CMP also agrees to undertake required improvements to the premises, including paving and lighting, which would allow continued use of the premises for parking after the tanks and other improvements are removed. The cost of such improvements will be reimbursed through rent credits against base rent and such rent credits shall not exceed $30,000.

Commissioner Brandon inquired about the anticipated redevelopment and time line for the redevelopment of the sites, in accordance with the Waterfront Land Use Plan. Paul Osmundson, Director of Planning and Development replied that both SWL 314 and 351 were identified as mixed-use opportunity areas. Generally speaking, commercial developments including hotels, retail commercial space, public assembly, restaurants, office space, pursuant to other regulations would be the allowable uses on those sites. In terms of time frame, staff does not anticipate pursuing development at SWL 314 in the immediate future. There are other sites that need to be pursued prior to SWL 314. SWL 351 is an irregularly shaped parcel and has been considered for development in combination with an adjacent privately owned property. The time frame for development on this seawall lot has not been established.

Commissioner Brandon asked about the duration of the month-to-month lease. Mr. Osmundson replied that the intent is that it would continue until staff can identify appropriate development schemes for both sites. The month-to-month tenancy would allow the greatest flexibility in terms of eventual disposition of the sites.

Commissioner Brandon asked why this was impractical to put out to bid. Mr. Bennett replied that there are several considerations. The normal procedure for parking opportunities is to bid them out as long as a term, generally in the 3-5 year range, is provided. First, the term is uncertain at this point, particularly since the roadway project will cause a lot of impact, e.g. the amount of available parking. A different disposition may be examined as the end of the roadway project draws near. Second, the utilization of the lots is unclear. At SWL 351, Port staff is not sure how many cars will be accommodated throughout the construction. At SWL 314, one of the ambiguities is the utilization of the seawall lot for maritime businesses. Taking those things into consideration and the partnership's unique experience, staff believes it would be impractical to bid this opportunity.

In response to Commissioner Brandon's inquiry regarding the cap on the month-to-month lease, Mr. Bennett replied that at this point, it is indefinite. However, since it is month-to-month, staff is obligated to provide them a 30-day notice should disposition of the sites become evident. On the other hand, when it becomes clear that one of the other sites is not going to be developed, and can see a time frame of 3 years, it would make sense to terminate the lease and put it out to bid.

Commissioner McCarthy inquired if there is a mechanism that would give priority

to the maritime businesses at SWL 314. Mr. Bennett replied that staff is not sure of the demand at this point. Staff is aware that there is a demand for parking from Hornblower. Pacific Marine does not have a parking lot but in conversations with the management crew, they have some overflow of parking. Under the month-to-month basis, this can be negotiated. If it turns out there is a great demand for maritime, the structure would have some flexibility. Staff, however, has insisted that priority be given to accommodate maritime.

Commissioner McCarthy inquired if the rent credits is the best estimate of the cost. Mr. Bennett replied that this is the best cost estimate since they have obtained proposals for what the work would cost. However, before the rent credit is applied, they have to provide backup documentation for the actual expenditure. Port staff has to approve the expenditure before it occurs.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution 98-12 was adopted.

B. Request for authorization to issue Request for Proposals to lease heavy vehicle maintenance facility and storage area at Pier 96 (at the eastern foot of Cargo Way at Jennings Street) (Resolution No. 98-13)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that staff is requesting for authorization to issue Request for Proposals to lease heavy vehicle maintenance facility and storage area at Pier 96. The recent transfer of cargo operations at Pier 94/96 to Pier 80 has made available the vehicle maintenance facility in the adjacent paved yard space which was formerly used by Stevedoring Services of America. Port staff believes that there is a demand for this building as a vehicle maintenance facility for transportation and trucking firms. Port staff is seeking authorization to advertise the availability of the facility for interim leasing.

Recent changes in the Administrative Code regarding leases require Board of Supervisors approval. Non-maritime leases that exceed $1 million in revenues and/or have a term of 10 years or more must be competitively bid. This lease will potentially result in more than $1 million in revenues over the term of the lease. The bidding procedure is set forth in the staff report. The availability of the site will be announced and notices will be sent to a wide range of potential users and brokers. The Request for Proposals asks for proposed rental rates in terms, financial and credit information from prospective tenants contained in the Port's Application for Lease and an earnest money deposit.

Port staff is seeking, as a minimum, the rent set forth in the Port's minimum parameter rent schedule. The rent for this facility would be $39,578.80 per month and the term will not exceed 10 years. The use must be consistent with the M-2 zone application for the area. Immediately upon the Commission's approval, the RFP will be issued. Responses will be due approximately a month from the date of

issuance. Staff will select a respondent and seek Port Commission approval by April 28 and seek Board of Supervisor's approval thereafter. The schedule will be subject to change depending on the level of interest in the property and the time needed to negotiate with the selected respondent. She emphasized that the interim lease of this facility will not restrict the Port's ability to utilize Pier 94/96 for other maritime purposes should future demand require the use of this space.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution 98-13 was adopted.

C. Rescission of Port Commission Resolution 94-20 concerning Curb Space Use Permits for Horse Drawn Carriages, Motorized Cable Cars and Mini Tour Bus Services. (Resolution No. 98-14) THIS ITEM WAS PUT OVER TO THE NEXT MEETING.

6. FACILITIES & OPERATIONS

7. PLANNING & DEVELOPMENT

8. FINANCE & ADMINISTRATION

A. Presentation regarding the 1998/1999 operating budget.

Mr. Ben Kutnick, Director of Finance & Administration, indicated that this is an informational item. Staff will seek Commission's approval of the operating budget at its February 24, 1998 meeting. The budget will then be reviewed by the Mayor's Office. The Mayor will submit the budget to the Board of Supervisors by June 1st and the Board's final budget consideration will be on or before August 27, 1998.

The proposed revenue budget of $38.9 million for fiscal year 1998/99 is a $2.1 million increase over the prior fiscal year. The expense budget is increased by 5%.

The major changes in the FY 98/99 revenue budget over the prior fiscal year are in cargo, ship repair, cruise, other marine, commercial, and industrial rent, parking, power, facilities & operations and finance & administration as a result of the following:

- Cargo revenue is projected to increase $347,000 primarily from additional rent revenue anticipated from Marine Terminals Corporation at Pier 80.
- Ship repair revenue is projected to increase $213,000 as a result of San Francisco Drydock percentage rent overage estimates based on their projected sales for FY 98/99.
- Cruise revenue is projected to decrease $375,000 primarily because two cruise lines have withdrawn their Alaska/Summer homeported vessels for one year. The FY 98/99 budget assumes 25 cruise calls vs. 50 in the FY 97/98 budget.

Staff expects an increase of cruise calls the following year.

- Other marine revenue is projected to increase $178,000 primarily because of the shift in revenue category for idle ship dockage from cargo to other marine.
- Commercial and Industrial Rent is projected to increase $1,939,000 primarily due to new leasing activity, as well as increases in tenant retail sales.

The proposed FY 98/99 expense budget of $38.6 million is a $2 million increase over the prior fiscal year. Major changes in the FY 98/99 expense budget over the prior fiscal year are in salaries & benefits, other current expenses, fixed charges and services of other departments as a result of the following:

- Salaries & benefits are projected to increase $1,412,448 as a result of:
  - Five new positions
  - Sixteen reclassified positions
  - Two position substitutions
  - Two funded positions that were previously unfunded
  - Temporary Salaries
  - Overtime
  - Adjustments – MOU, step, etc.
  - Fringe Benefits
- Other current expenses are projected to decrease $407,473 due to a $595,000 decrease in utility expense that is a result of the transfer of Port tenant electricity service to Hetch Hetchy Water & Power. The net difference to the Port is approximately a decrease of $125,000-$150,000 a year.
- Fixed charges are projected to increase primarily as a result of property taxes on the Western Pacific site as well as the payment of possessory interest taxes.
- Services of other departments are projected to change significantly in the following areas:
  - City Attorney is projected to increase by $111,820 due to additional personnel.
  - Light, heat & power is projected to increase by $128,000.
  - Police security is projected to decrease by $82,700.

Commissioner Hardeman indicated that Mr. Kutnick and his staff have provided him an excellent briefing regarding the budget. Mr. Kutnick gave kudos to Mary Ellen Wriedt for all her hard work and effort in putting the budget together.

B. Approval of contract with CGMS Incorporated and Siebert Brandford Shank (SBS) for Financial Advisory Services. (Resolution No. 98-11).

Mr. Ben Kutnick, Director of Finance and Administration indicated that staff is requesting approval of contract with CGMS, Inc. and Siebert Brandford Shank, a joint venture, for financial advisory services. For the last 10-12 years, the Port has had on contract, on as-needed basis, financial advisors to provide financial services such as assistance with any debt issuance and debt management, assistance with

presentation materials and meetings with rating agencies and bond underwriters, and other issues that may arise. Port staff is recommending a contract with a maximum of four years, initially two years with two one-year renewal options. The contract amount is budgeted at $50,000 annually.

CGMS is an independent financial advisory and consulting firm. Gene Slater, who is the president of the company, is also assigned as the senior consultant to the contract. CGMS is in joint venture with SBS, who is also an independent national financial advisory firm headquartered in San Francisco. SBS is 100% women and minority owned firm.

Port staff received 9 proposals and interviewed 3 firms. The panel unanimously selected the joint venture of CGMS and SBS. One of this joint venture's specialties is in real estate and assisting public agencies with real estate developments, which is not necessarily typical of municipal financial advisors but a benefit to the Port.

Mr. Kutnick introduced representatives of the company. Commissioner McCarthy welcomed the representatives and added that it is sensible to have a financial advisor with real estate expertise.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution 98-11 was adopted.

10. NEW BUSINESS / PUBLIC COMMENT

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel regarding existing litigation matter.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 5:00 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

1) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case)

- Peak Engineering, Inc. v. Dan Caputo, Inc. et.al.; San Francisco

Superior Court No. 979843.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (1 case).

12. RECONVENE IN OPEN SESSION

At 5:55 p.m., Commissioners McCarthy, Brandon and Hardeman returned from executive session and convened in public session.

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

ACTION: Commissioner Brandon moved approval that the Commission has authorized staff to settle the Peak Engineering, Inc. case by contributing $30,000 to the settlement. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 6:00 p.m.

Commission Secretary

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, FEBRUARY 24, 1998
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

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AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** – February 10, 1998 Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

   A. Approval of Exclusive Right to Negotiate with RMC Lonestar for the lease of a site located at Pier 90/92 for use as a bulk cargo terminal and concrete ready-mix facility. (Resolution No. 98-24)

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Approval of Resolution No. 98-14 rescinding Port Commission Resolution No. 97-82 which rescinded Resolution No. 94-20 as it related to previous direction to issue an RFP for curb space use permits for Horse Drawn Carriages. (Resolution 98-14)

   B. Approval of Resolution No. 98-25 rescinding Port Commission Resolution No. 94-20 concerning Curb Space Use Permits for Horse Drawn Carriages, Motorized Cable Cars and Mini Tour Bus Services. (Resolution No. 98-25)

   C. Approval of Resolution No. 98-21 rescinding Port Commission Resolution No. 98-13 which authorized staff to issue a Request for Proposals to lease the heavy vehicle maintenance facility and storage area at Pier 96 (at the eastern foot of Cargo Way at Jennings Street). (Resolution No. 98-21)

   D. Authorizing staff to issue a Request for Proposals to lease the heavy vehicle maintenance facility and storage area at Pier 96 (at the eastern foot of Cargo Way at Jennings Street). (Resolution No. 98-22)

E. Approval of amendments to Port Tariff No. 4 regarding Non-Sportfishing Trips for Hire at Fisherman's Wharf Harbor. (Resolution No. 98-18)

F. Adoption of environmental findings (and a statement of overriding considerations) pursuant to the California Environmental Quality Act and State Guidelines in connection with certain documents relating to the conveyance of land to the regents of the University of California to be developed for university purposes. (Resolution No. 98-19)

Approval of an Agreement releasing from the Burton Act and the public trust certain Port real property located along 6th Street at 16th and Minnesota Streets, authorizing the Executive Director to take such actions as are necessary to donate such property to the Regents of the University of California, and finding that such donation is authorized by and consistent with the provisions of Chapter 1143 of the Statutes of 1991, as amended (Resolution No. 98-20)*

***Notice: The activities to be carried out pursuant to this Item 5F are within the scope of the UCSF 1996 Long Range Development Plan ("LRDP") program approved by the Regents of the University of California in January 1997. The LRDP program EIR certified by the Regents on January 17, 1997 adequately describes the activities being approved by the Port Commission hereunder.**

6. FACILITIES & OPERATIONS

7. PLANNING & DEVELOPMENT

A. Approval of temporary and permanent DeCaux kiosk locations resulting from construction of the Mid-Embarcadero Roadway Project. (Resolution No. 98-23)

8. FINANCE & ADMINISTRATION

A. Approval of the 1998/1999 Operating Budget. (Resolution No. 98-17)

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – **This session is *closed to any non-City/Port representative*.***

a. Property: Port property located at Seawall Lot 321
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*San Francisco Public Market Collaborative: Sibella Krause

An executive session has been calendared to discuss real property negotiations between the Port and San Francisco Public Market Collaborative regarding Port property located at Seawall Lot 321. This is specifically authorized under California Government Code Section 54956.8

2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (2 cases).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
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MEMORANDUM

February 19, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James R. Herman
Hon. Frankie Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Exclusive Right to Negotiate with RMC Lonestar for a lease at Pier 90 for use as a bulk cargo terminal and concrete ready-mix facility

DIRECTOR'S RECOMMENDATION: APPROVE EXCLUSIVE RIGHT TO NEGOTIATE WITH RMC LONESTAR FOR A LEASE AT PIER 90 FOR USE AS A BULK CARGO TERMINAL AND CONCRETE READY-MIX FACILITY

BACKGROUND

RMC Lonestar ("Lonestar") is a subsidiary of RMC Group plc, which is a multinational public company, and the largest producer of concrete in the world. Lonestar has over 900 employees and currently operates facilities in 19 counties in Northern California which include: 32 ready-mix plants, 9 sand and gravel plants, and a cement manufacturing plant in Davenport, California. Among these facilities is bulk cement maritime terminal located at the Port of Redwood City.

Lonestar has approached the Port with a proposal to lease up to 225,000 square feet of open land and wharf space, including 21 of the 63 silos at the Port's Bulk Cargo Elevator Terminal at Pier 90, for use as a maritime bulk cargo terminal and concrete ready-mix facility.

THIS PRINT COVERS CALENDAR ITEM NO. 4A

The proposed term of the lease is ten (10) years, with four (4) five (5) year options. The proposed lease would generate an estimated $404,000.00 in rental revenue to the Port during the first lease year. Wharfage and Dockage charges will be assessed per Port Tariff number 4. Lonestar anticipates investing over $5 Million in fixtures and equipment and in structural and infra-structural improvements to the facility.

Lonestar and its predecessor companies have operated concrete ready-mix facilities within the City of San Francisco for over 80 years. Lonestar currently operates a concrete ready-mix facility at the intersection of Third Street and Mariposa, which is within the boundaries of the Catellus Mission Bay development project. Lonestar is anticipating relocation from this site in the near future, since the proposed Mission Bay development does not include this use.

Lonestar is interested in remaining in San Francisco because of the numerous local construction projects such as the Giant's Pac Bell Park, Mission Bay Development projects UCSF Campus Facility, Downtown Ferry Terminal, Waterfront Transportation Project, Third Street Light Rail Extension and the Caltrans Bay Bridge and other seismic retrofits, all of which will require the services of a concrete ready-mix facility. Port staff has proposed the site at Pier 90, which meets the operational needs of Lonestar. This is in accord with the Port Maritime staff's Marketing Plan which identifies bulk building materials such as cement, sand, gravel and other aggregate products as a target cargo for maritime revenue generation.

The Pier 90 site has been vacant for over 10 years. The most recent use was a grain export business that loaded grain to ships from large storage silos located on the site. Lonestar proposes to retrofit 21 silos of the existing grain elevator terminal, to handle and store cement and aggregate products from ships, barges, trucks and trains to support the operation of a concrete ready-mix plant. A major component of Lonestar's plan is to construct a new conveyor system, which will unload bulk aggregate materials from barges and ships. The aggregate would then be moved by the conveyor system to a bank of existing on-site silos for storage. Lonestar also proposes to deliver cement to the site by rail, thus re-activating regular rail service to the facility. The proposed ready-mix plant will mix the cement and aggregate materials to produce ready-mix concrete. The ready-mix concrete would then be transported by truck to local job sites. The Port is encouraged by the substantial, physical improvements planned at this vacant facility to accommodate a viable maritime use.

There are three primary land use documents that regulate uses on property within the jurisdiction of the Port of San Francisco. These documents are the San Francisco Planning Code, the Port's Waterfront Land Use Plan (WLUP) and the Bay Conservation and Development Commission's (BCDC) Sea Port Plan. The discussion below outlines how the proposed Lonestar ready-mix plant at Pier 90 is compatible with these regulatory documents.

San Francisco Planning Code The property at Pier 90 is located within the M-2 Heavy Industrial District. The proposed ready-mix plant is permitted as a principal use in this District.

Waterfront Land Use Plan The proposed ready-mix facility is considered a maritime and cargo use by the WLUP since waterborne dry bulk cargo (aggregate) will be unloaded from barges or ships to the ready-mix plant facility. The WLUP provides a list of acceptable uses for different areas of the waterfront. The *Southern Waterfront Acceptable Land Use Table* governs uses at Pier 90. This table indicates that "Cargo Shipping" is an acceptable use at Pier 90.

BCDC Sea Port Plan The Plan identifies *Port Priority Use Areas* that are reserved for regional maritime port use and include within their premises marine terminals and directly related ancillary activities. A marine terminal includes the wharf, storage area, offices, rail and truck facilities, and other functions necessary to the efficient operation of a terminal. Pier 90 is located within a designated *Port Priority Use Area*. The proposed ready-mix plant is an acceptable use since it is considered a marine terminal.

Pursuant to Port Commission Leasing Policy adopted August 22, 1979 and as subsequently amended by subsection 10 of Resolution 80-95 adopted on September 10, 1980, Port staff is authorized to enter into negotiations with a prospective tenant without competitive bid when competitive bid is impractical or impossible and when the property is to be used for maritime purposes. Port staff has determined that this leasing opportunity is impractical to bid because (1) the premises has remained unleased for over 10 years despite continuous marketing efforts by Port staff, (2) the premises require significant capital improvements that make it unlikely that other maritime uses would be interested in the opportunity, (3) the Port has many other maritime leasing opportunities available should additional maritime users express interest in locating on Port property, and (4) the Port is interested in relocating Lonestar on Port property to accommodate the needs of the Mission Bay development project.

Proposed terms and conditions of the lease are discussed in greater detail below. Such terms and conditions are subject to change upon mutual agreement of the parties. Furthermore, such terms and conditions reflect general principles upon which the Port will negotiate, but do not pre-commit the Port into entering into a lease on those terms.

This Exclusive Right to Negotiate will provide Lonestar with the time needed to secure all of the governmental permits and regulatory approvals that must be in place before Lonestar is prepared to enter into a formal lease agreement. No Lease approval will occur until completion and consideration by the Port Commission of environmental review of the project to the extent required by the California Environmental Quality Act (CEQA) and other regulations.

The terms of the Exclusive Right to Negotiate and the basic terms of the proposed lease agreement are discussed below:

PROPOSED EXCLUSIVE RIGHT TO NEGOTIATE

(1)	Exclusive Negotiation Period:	Six (6) months
(2)	Commencement Date of Negotiating Period	February 25, 1998

(3)	Termination Date of Negotiating Period	August 30, 1998
(4)	Exclusive Right Fee	$67,460.00
(5)	Options to Extend Negotiating Period:	Six (6) option periods of one (1) month each
(6)	Option Fee:	$33,730.00 per option period
(7)	Obligations of Lonestar:	During Negotiating Period Lonestar will secure all permits and regulatory approvals required to operate a bulk cargo terminal and concrete ready-mix facility.

PROPOSED LEASE TERMS AND CONDITIONS

(1) **Premises** Approximately 5.16 acres (225,000 sq. ft. – final square footage to be determined and subject to measurement by Port) of open land and approximately 536 linear feet of wharf for non-exclusive but preferred berth assignment, located at Pier 90. The unusable wharf area between the silos and the wharf shall be excluded from the lease area (excepting therefrom an area of sufficient width to accommodate a materials conveyor).

(2) **Use:** The construction and operation of a concrete ready-mix plant including; general administrative and maintenance uses directly related thereto, the shipping, receiving, storage and handling of construction materials, delivery and shipment by ship barge, rail and truck, and for no other purpose.

(3) **Term:** Ten (10) years, with four (4) five (5) year options.

(4) **Rent:**

a. Base Rent: Rental Rate of $.18 per sq. ft. per month, with annual cost of living (CPI) increases.

b. Base Rent shall be adjusted to market rent every five (5) years.

(5) **Environmental:** The Port cannot commit to providing the Tenant with a clean site. However, the Port will agree to offer rent credits to the Tenant for remediation of toxic soil.

a. Rent Credits for Toxic Soil Remediation: Rent credits will be granted by Port at a rate equal to $.03 per square foot per month, over the initial Term of the Lease.

(6) **Infrastructure:** Tenant shall be responsible for any required infrastructure modifications or improvements including: roads, water, sanitary and storm sewers.

(7) **Improvements:** The Premises will be accepted by the Tenant in its "as is" condition. All work to the Premises shall be conducted by Tenant at its sole cost and expense. All improvements shall be subject to the approval of the Port and shall require a building permit from the Port.

ANALYSIS

The Port will receive the following benefits from this proposed transaction:

(1) It will provide for an upgrade of portions of the grain elevator terminal and silos, which have been vacant for over 10 years. This will re-establish Pier 90 as a functioning maritime bulk cargo facility.

(2) It will facilitate the growth and expansion of the bulk cargo market (cement, sand, gravel and other aggregate materials), which has been identified and targeted in the Port's Maritime Marketing Plan.

(3) It will facilitate the relocation of the concrete ready-mix facility from the Catellus Mission Bay Development Project to a Port facility, which will enable a business that has been operating for over 80 years in San Francisco to remain in the City.

(4) It will re-activate regular rail service to the facility.

(5) It is an acceptable and encouraged use of the site under the Sea Port Plan, the Waterfront Land Use Plan and the San Francisco Planning Code.

(6) It will benefit local businesses and construction projects by providing construction materials through a local high capacity ready-mix facility.

Prepared by: Mark W. Lozovoy, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION NO. 98-24

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, RMC Lonestar, ("Lonestar") has proposed to develop a concrete ready-mix plant and maritime bulk cargo terminal facility at Pier 90 on property to be leased from the Port Commission; and

WHEREAS, The proposed use of the Pier 90 and maritime terminal facility is consistent with the Seaport Plan; and

WHEREAS, Lonestar has requested a six (6) month Exclusive Right to Negotiate the final terms and conditions of leases of a lease and to secure all permits and regulatory approvals and environmental review required under the California Environmental Quality Act (CEQA); and

WHEREAS, the approval of the Exclusive Right to Negotiate does not commit the Port to entering into a binding Lease; and

WHEREAS, it is the determination and finding of the Port Commission that Lonestar is the only feasible operator of a concrete ready-mix plant and maritime bulk cargo terminal at Pier 90 and for the reasons set forth in the Memorandum of Agenda Item 4A for the February 24, 1998 Commission meeting, a request for proposals for a similar maritime use would prove impractical and impossible, and

WHEREAS, it is the finding of the Port Commission that Lonestar's use of Pier 90 to be affected by the lease would be maritime in nature, and consistent with the public trust and Burton Act trust; now therefore be it

RESOLVED, that the San Francisco Port Commission, hereby approves an Exclusive Right to Negotiate Agreement between the Port and RMC Lonestar for a concrete ready-mix plant and maritime bulk cargo terminal facility at Pier 90

upon final terms and conditions to be approved by the Port Commission, which terms and conditions are set forth substantially and in preliminary form in the Memorandum of Agenda Item 4A for the February 24, 1998 Port Commission Meeting.

I hereby certify that the Port Commission at its meeting of February 24, 1998 adopted the foregoing resolution.

_____
Secretary

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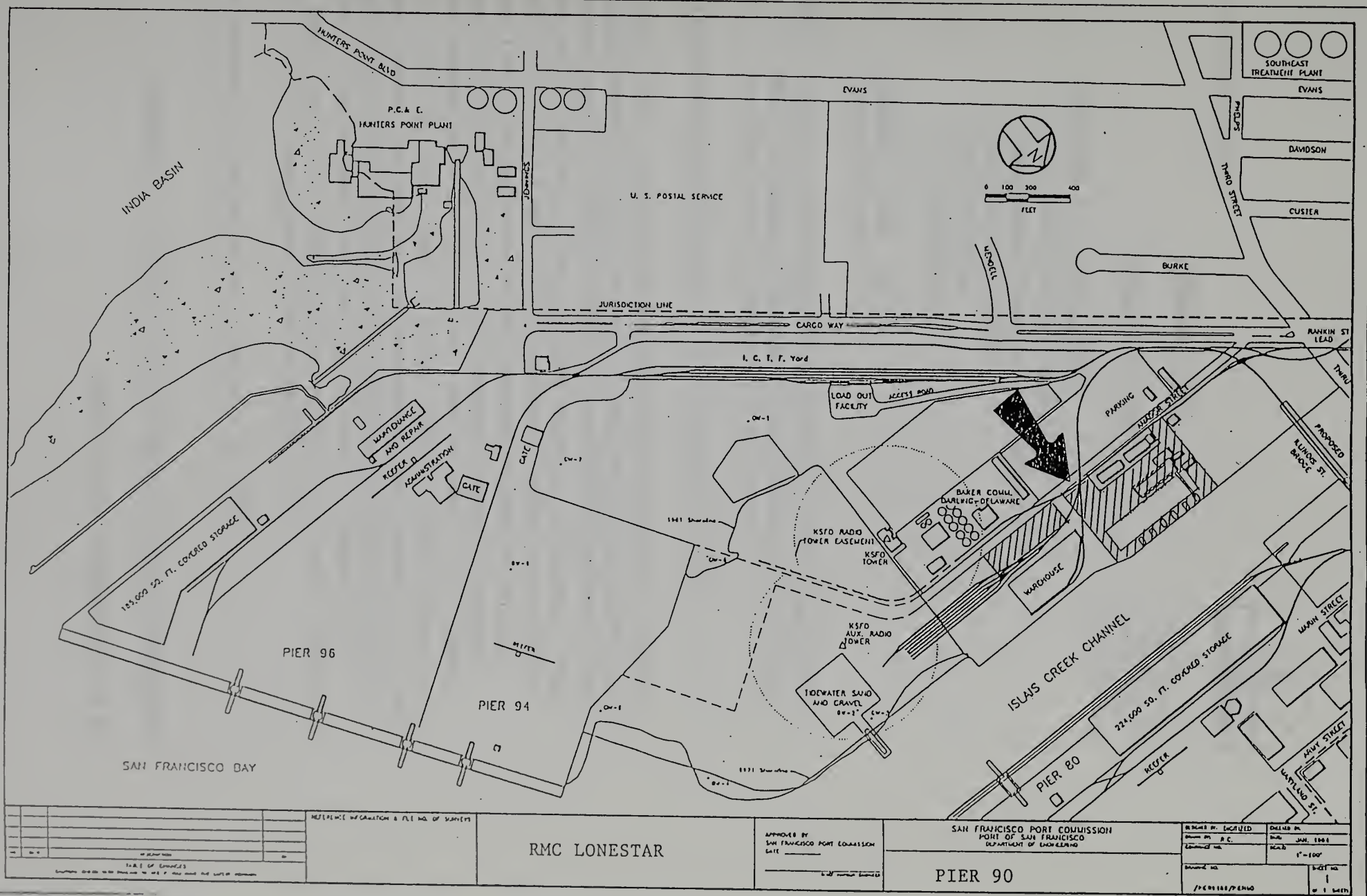

REFERENCE INFORMATION & FILE NO. OF SURVEYS

RMC LONESTAR

APPROVED BY SAN FRANCISCO PORT COMMISSION
DATE _____

SAN FRANCISCO PORT COMMISSION
PORT OF SAN FRANCISCO
DEPARTMENT OF ENGINEERING

PIER 90

DRAWN BY: INITIALED
CHECKED BY:
DATE: JAN. 1981
SCALE: 1"=100'
DRAWING NO. /PC90180/PENG
SHEET NO. 1 OF 1 SHEETS

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 19, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Rescission of Port Commission Resolution No. 97-82 concerning Curb Space Use Permits at Fisherman's Wharf for Horse Drawn Carriages, Motorized Cable Cars and Mini Tour Bus Services

DIRECTOR'S RECOMMENDATION: Approve Resolution No. 98-14.

On October 22, 1997, the Port Commission adopted Resolution No. 97-82 (enclosure 1) rescinding Resolution No. 94-20 (enclosure 2) which directed staff in 1994 to issue a one-time only Request for Proposals ("RFP") for the award of horse drawn carriage, motorized cable car and mini tour bus curb space use permits at Fisherman's Wharf. Following that action, John Jenkel of Carriage Charter complained to the Sunshine Ordinance Task Force alleging that the Port Commission violated the Sunshine Ordinance Sections 67.6 and 67.7 by failing to adequately describe its proposed rescission of Resolution 94-20. The Task Force concluded there was no violation, particularly since Mr. Jenkel himself had adequate notice with regard to horse drawn carriages. However, the Task Force did recommend that the Commission clarify that it intended to rescind Resolution 94-20 as it also applied to curb space use permits for motorized cable cars and mini tour bus services, for which the October 22, 1997 agenda may not have provided adequate notice (enclosure 3). In order to accomplish this action, it is first necessary to rescind Resolution No. 97-82.

Staff recommends the Commission rescind Resolution No. 97-82.

Prepared by: V. Fei Tsen, Director of Real Estate & Asset Management

This Print Covers Calendar Item No. 5A

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-14

WHEREAS, In February 1994, the Commission adopted Resolution No. 94-20 directing staff to issue a one-time only Request for Proposals ("RFP") for curb space use permits at Fisherman's Wharf for horse drawn carriages, mini tour buses and motorized cable cars; and

WHEREAS, The Commission desires to rescind Resolution No. 94-20; and

WHEREAS, On October 22, 1997, the Commission adopted Resolution No. 97-82 which rescinded Resolution No. 94-20, but may have done so without having provided adequate notice to operators of mini tour buses and motorized cable cars; and

WHEREAS, The Commission desires to correct any possible deficiency in its earlier rescission of Resolution No. 94-20; and, therefore, be it

RESOLVED, That Resolution No. 97-82 is hereby rescinded.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 24, 1998.

_____
Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 97-82

WHEREAS, In February 1994, the Commission adopted Resolution No. 94-20 directing staff is to issue a request for proposals ("RFP") for the award of a horse drawn carriage use permit at Fisherman's Wharf; and

WHEREAS, In March 1995 the Port awarded a month to month use permit (the "Permit") to Waterfront Horse Carriage Service ("Waterfront"); and

WHEREAS, At the time of award Waterfront was operated by Mr. Sears and Mr. Cohen. Mr. Cohen subsequently withdrew from Waterfront and in July 1995 the Port Commission approved the assignment of the Permit to Mr. Sears and Mr. Perkins; and

WHEREAS, In 1996, Mr. Jenkel, a disappointed offeror under the 1994 RFP, filed a petition in San Francisco Superior Court, seeking an order from the Court stating that at the time of the assignment in July 1995 the Port was required to issue a new RFP for award of a use permit; and, therefore, be it

RESOLVED, That Resolution No. 94-20 is hereby rescinded; and be it further

RESOLVED, That Resolution No. 94-20 is not to have any effect upon future action by Port Staff.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of October 22, 1997.

Secretary

ENCLOSURE 1

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

RESOLUTION NO. 94-20

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Article 3 of the Harbor Traffic Code empowers the Port Commission to regulate use of curb space for operating businesses; and

WHEREAS, permitting the use of curb space at Fisherman's Wharf for originating land excursion tours has the potential to generate significant revenue to the Port.

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to offer through a RFP process permits to operate land excursion business using curb space at Fisherman's Wharf in accordance with the terms set forth in the attached Agenda Summary Sheet as agenda item 5B.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of February 8, 1994.

Secretary

ENCLOSURE 2

CITY AND COUNTY OF SAN FRANCISCO

LOUISE H. RENNE
City Attorney

OFFICE OF THE CITY ATTORNEY

LORETTA M. GIORGI
Deputy City Attorney
DIRECT DIAL: (415) 554-4222

Mr. John Jenkel
Carriage Charter
3325 Gravenstein Highway N.
Sebastopol, CA 95472

January 28, 1998

VIA FACSIMILE & MAIL

Re: Sunshine Ordinance Task Force Complaint

Dear Mr. Jenkel:

At the request of the Sunshine Task Force, I have reviewed your 11/22/97 complaint, your amended complaints of 12/15/97 and 1/2/98, your attached documentation and documents submitted by the San Francisco Port Commission ("Commission"). The documentation provided by you and the Commission included a July 29, 1997 Order of the Superior Court. In short, your complaint alleges that the Port Commission violated the Sunshine Ordinance Sections 67.6 and 67.7 by failing to adequately describe a proposed action of the Commission at its October 22, 1997 meeting. Apparently, the same action item was also calendared on the Commission agendas of September 22 and October 14 1997, but was continued without any action to the October 22, 1997 meeting.

Based upon the following analysis, I have concluded that there was no violation of Sunshine Ordinance Section 67.6 or 67.7.

I begin by reviewing the facts of this case. On February 8, 1994, the Port Commission adopted resolution 94-20, which authorized the Port staff to issue a Request for Proposals ("RFP") for the non-exclusive curbspace use permits at Fisherman's Wharf to operate three types of land excursions business. The Port staff subsequently issued a RFP for three non-exclusive curbspace use permits for three types of excursion operations. These were 1) horse drawn carriages; 2) motorized cable cars and; 3) mini tour buses.

Following the RFP process, the Commission awarded curbspace use permits to Grovensor Bus Lines (motorized cable cars) and withdrew the RFP for mini tour bus curbspace use permits (Resolutions 94-83 and 94-84). The Commission subsequently authorized staff to reissue the RFP for horse drawn carriage curbspace use permits as the proposals submitted in response to the original RFP were deemed non-responsive (Resolution 94-82). The staff issued a second RFP and received two responses. One from you, on behalf of Carriage Charter and the second from Jeff Sears and Giles Cohen on behalf of Waterfront Horse Carriage Service. In July 1994, following the evaluation of the proposals, the Commission awarded the curbspace use permit to Mr. Sears and Mr. Cohen.

In early 1995 Mr. Cohen severed business ties with Mr. Sears and Waterfront Horse Carriage Service. Mr. Sears requested that the Commission assign the use permit to him and another person, William Perkins. After evaluating Mr. Perkins' qualifications, but without issuing a new RFP, the Commission, in August 1995, assigned the Sears/Cohen permit to Mr. Sears and Mr. Perkins.

Soon thereafter, you sought a writ through the Superior Court to cancel the issuance of a permit to Sears and Perkins and to compel the Commission to make the selection through the RFP process. Your alternative request was to require the Commission award the use permit to you. The basis of your writ was that the reissuance of the use permit without an RFP was a violation of resolution 94-20.

On July 30, 1997, the Superior Court found that resolution 94-20 did not contain a sunset clause and, therefore, was still "on the books". See July 30, 1998 Order Denying Respondents' Motion for Summary Judgment. Accordingly, the court held, the Commission and Port staff failed to follow the policy and procedure under resolution 94-20 and ordered the Commission not to appoint a new carriage company for the use permit until a new RFP had been conducted.

In September 1997, the Commission agenda for the September 23, 1997 meeting contained item 5A which stated "[a]uthorization to rescind Port Commission Resolution 94-20 and authorization to terminate the use permit issued to Waterfront Carriage Service Inc. (Resolution 97-82)". Item 5A was, however, continued to the October 14, 1997 meeting.

On October 14, 1997, agenda item 5B provided notice as follows: "[a]uthorization to rescind Port Commission Resolution 94-20, directing staff in 1994 to issue Requests for Proposals for horse drawn carriage use permit at Fisherman's Wharf (Resolution 97-82)". However, the item was not discussed and put over to the next meeting.

The agenda for the October 22, 1997 contained, inter alia, the following item 5A, which set forth the same notice of the action as item 5B on the October 14, 1997 agenda. Following consideration of the item and public comment, the Commission approved resolution 97-82.

Essentially, you complain that the Port Commission agenda did not provide adequate notice of the Commission's action which would, in effect, rescind the RFP process for the issuance of curbside use permits to three types of land excursion business, not only horse drawn carriage services. You do not claim that you were denied adequate notice, as the agenda item specified that resolution 97-82 applied to horse drawn carriage companies like yours.

San Francisco Administrative Code Section 67.7 requires that "a policy body shall post an agenda containing a meaningful description of each item of business to be transacted or discussed at the meeting". Section 67.7 further provides that "a description is meaningful if it is sufficiently clear and specific to alert a person of average intelligence and education whose interests are affected by the item that he or she may have reason to attend the meeting or seek more information on the item. The description should be brief, concise and written in plain, easily understood English".

The October 22 Commission agenda specified that the action to be taken would be the rescission of resolution 94-20 as it applied to horse drawn carriage services. However, Resolution 97-82 states that "resolution No. 94-20 is hereby rescinded" and "that resolution No. 94-20 is not to have any effect upon future action by Port staff." Therefore, the resolution appears to have rescinded 94-20 as it also applied to motorized cable car services and mini tour bus services.

CITY AND COUNTY OF SAN FRANCISCO OFFICE OF THE CITY ATTORNEY

Because Resolution 94-84 rescinded the RFP process for mini tour bus services, Resolution 97-82 no longer applied to mini tour buses. However, because there had been no prior rescission as to motorized cable cars, the Commission agenda did not provide adequate notice to members of the public, specifically motorized cable car companies, of the contemplated action of the Commission to rescind Resolution 94-20. To that extent, the agenda notice does not comply with Administrative Code Section 67.7.

I understand that Port officials have indicated a willingness and intent to re-agendize this matter before the Commission in order to correct the deficiency in the agenda's notice regarding Resolution 97-82's application to tour bus services. Given the Port Commission's willingness to correct this error, there is no further action needed to be taken by the Task Force at this time.

Thank you for your cooperation in this matter.

Very truly yours,

LOUISE H. RENNE
City Attorney

Loretta Giorgi

LORETTA M. GIORGI
Deputy City Attorney

cc: Sunshine Task Force Members
Port Commission Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

February 19, 1998

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon ,Vice President
Hon. Michael Hardeman
Hon. Frankie G. Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Rescission of Resolution No. 94-20 concerning Fisherman's Wharf Curb Space Use Permits for Motorized Cable Cars, Mini Tour Buses and Horse Drawn Carriages.

DIRECTOR'S RECOMMENDATION: Approve Resolution No. 98-25.

In February 1994, the Commission adopted Resolution No. 94-20 directing staff is to issue a one-time only Request for Proposals ("RFP") for the award of curb space use permits at Fisherman's Wharf for motorized cable cars, mini tour buses and horse drawn carriages. Following the second submission of proposals in response to an RFP issued pursuant to that resolution, in March 1995 the Port awarded a month-to-month curb space use permit (the "Permit") to Waterfront Horse Carriage Service ("Waterfront").

At the time of award Waterfront was operated by Mr. Sears and Mr. Cohen. Mr. Cohen subsequently withdrew from Waterfront and in July 1995 the Port Commission approved the assignment of the Permit to Mr. Sears and Mr. Perkins.

In 1996, Mr. Jenkel, a disappointed offeror under the 1994 RFP, filed a petition in San Francisco Superior Court, seeking, among other things, an order from the Court stating that in July 1995 the Port was required to issue a new RFP for award of a use permit rather than approve the assignment of the Permit. Although that issue has not been resolved, the Judge assigned to the matter has preliminarily stated his belief that Resolution No. 94-20 required a new RFP to be issued so long as the Resolution was "on the books."

To preclude any confusion concerning the intent of Resolution No. 94-20, Port Staff requests the Commission approve the attached resolution rescinding Resolution No. 94-20 as it may still apply to all three types of curb space use permits and explicitly stating that Resolution No. 94-20 was not, and is not, intended to have any effect upon action by Port staff following the 1994 and 1995 award of the curb space use permits for motorized cable cars, mini tour buses and horse drawn carriages.

If, in the future, new curb space becomes available, or curb space currently under permit to horse drawn carriages, motorized cable cars or mini tour buses becomes available, Port staff will come before the Commission to request direction with regard to issuance of a new RFP prior to issuing any new curb space use permit.

Prepared by: Fei Tsen, Director, Real Estate and Asset Management

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-25

WHEREAS, In February 1994, the Commission adopted Resolution No. 94-20 directing staff to issue a one-time only Request for Proposals ("RFP") for the award of curb space use permits for mini tour buses, motorized cable cars, and horse drawn carriages at Fisherman's Wharf; and

WHEREAS, The Commission only intended Resolution 94-20 to direct staff to issue an RFP for curb space use permits for mini tour buses, motorized cable cars and horse drawn carriages that one time; and

WHEREAS, The Commission wants to preclude any confusion concerning the applicability of Resolution No. 94-20 as it may apply, or have applied in the past, to curb space use permits at Fisherman's Wharf; and

RESOLVED, That Resolution No. 94-20 is hereby rescinded; and be it further

RESOLVED, That Resolution No. 94-20 is not to have any effect upon future action by Port Staff.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 24, 1998.

_____
Secretary

CITY AND COUNTY OF SAN FRANCISCO

SAN FRANCISCO PORT COMMISSION

RESOLUTION NO. 94-20

WHEREAS, Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, Article 3 of the Harbor Traffic Code empowers the Port Commission to regulate use of curb space for operating businesses; and

WHEREAS, permitting the use of curb space at Fisherman's Wharf for originating land excursion tours has the potential to generate significant revenue to the Port.

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to offer through a RFP process permits to operate land excursion business using curb space at Fisherman's Wharf in accordance with the terms set forth in the attached Agenda Summary Sheet as agenda item 5B.

I HEREBY CERTIFY that the foregoing resolution was approved by the San Francisco Port Commission at its meeting of February 8, 1994.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 19, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Rescission of Port Commission Resolution No. 98-13 authorizing staff to issue a Request for Proposals to Lease the Heavy Vehicle Maintenance Facility and Storage Area at Pier 96 (at the eastern foot of Cargo Way at Jennings Street)

DIRECTOR'S RECOMMENDATION: APPROVE RESCISSION OF PORT COMMISSION RESOLUTION NO. 98-13

BACKGROUND:

The Port Commission approved the issuance of a Request for Proposals to Lease the Heavy Vehicle Maintenance Facility and adjacent paved Storage Area at Pier 96 at its regularly scheduled meeting of February 10, 1998.

Commissioner James Herman had been informed that, because of an anticipated lack of a quorum, the February 10, 1998 Port Commission meeting had been cancelled. For this reason, he did not attend the February 10 meeting. Due to these events, a question has arisen as to whether or not the February 10th meeting was properly noticed. To resolve this issue, Commissioner Herman has requested that this item be reheard by the full Port Commission. In order to facilitate Commissioner Herman's request, it is first necessary to rescind the previously approved Port Commission Resolution authorizing the issuance of the Request for Proposals to Lease the Heavy Vehicle Maintenance Facility and Storage Area (Resolution No. 98-13).

Staff recommends the Commission rescind Resolution No. 98-13.

Prepared by: Nicolas Dempsey, Commercial Property Manager, Leasing

This Print Covers Calendar Item No. 5C

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTIO NO. 98-21

WHEREAS, Charter Section 3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the Port Commission, by Resolution No. 98-13, authorized the issuance of a Request for Proposals to Lease the Heavy Vehicle Maintenance Facility and Paved Storage Area at Pier 96; and

WHEREAS, the Port Commission desires to reconsider the issuance of a Request for Proposals to Lease the Heavy Vehicle Maintenance Facility and Paved Storage Area at Pier 96; and be it

RESOLVED, that the Port Commission hereby rescinds Port Commission Resolution No. 98-13.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of February 24, 1998.

_____
Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION No. 98-13

WHEREAS, Charter 3.581 authorizes the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control and lands within Port jurisdiction; and

WHEREAS, the vacant Port heavy vehicle maintenance facility at Pier 96 offers an excellent opportunity to generate interim Port revenues; and

WHEREAS, the interim use of this facility will not affect the Port's ability to utilize Piers 94-96 for future container, auto and special projects cargo handling,

RESOLVED, that the Port Commission authorizes staff to offer through a request for proposals process, a lease of up to ten years for the heavy vehicle maintenance facility located at Pier 96 in accordance with the terms set forth in the Memorandum to the Port Commission for this Resolution.

I hereby certify that the Port Commission at its meeting of February 10, 1998 adopted the foregoing Resolution.

Secretary

G:\WP51\AGENDAS\p96rfqmem.doc\ND\jef\2/5/98

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 18, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James R. Herman
Hon. Frankie Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approve Resolution No. 98-22 authorizing staff to issue Request for Proposals to Lease the Heavy Vehicle Maintenance Facility and Paved Storage Area at Pier 96 (Eastern Foot of Cargo Way at Jennings Street)

DIRECTOR'S RECOMMENDATION: AUTHORIZE ISSUANCE OF A REQUEST FOR PROPOSALS TO LEASE THE HEAVY VEHICLE MAINTENANCE FACILITY AND PAVED STORAGE AREA AT PIER 96.

BACKGROUND

The recent transfer of cargo operations at Piers 94-96 to Pier 80 has resulted in the availability of the land and buildings at this facility for interim leasing by the Port. Located at Pier 96 is a heavy vehicle maintenance building, formerly utilized by Stevedoring Services of America for the maintenance of the container top loaders and lifts, which is currently vacant. Port staff believes that there is demand for this building as a vehicle maintenance facility for transportation and trucking firms and other similar uses. Port staff is seeking authorization from the Commission to issue a request for proposals for the interim lease of the facility.

THIS PRINT COVERS CALENDAR ITEM No. 5D

Because of the proposed length of term (10 years) and the likelihood that revenues will exceed $1 Million over the term of the lease, the lease will need to be approved by the Board of Supervisors of the City and County of San Francisco (Administrative Code Sections 2.110 and 9.118). Administrative Code Section 2.6.1 requires that such leases approved by the Board of Supervisors be the subject of a competitive bid process. Additionally, Administrative Code Section 23.24 recommends that City Commissions likewise utilize the competitive bid process.

The Facility

The heavy vehicle maintenance facility consists of a 26,080 (ground floor area) square foot metal clad steel frame building and approximately 300,000 square feet of adjacent paved yard space.

Bidding Procedure

Port staff proposes to issue an "Available for Lease" package consistent with real estate industry standards. The package will include a site map, a narrative physical description, minimum rent parameters, along with a Port Application for Lease and an Offer Sheet to be returned by interested bidders. Respondents will be required to submit an earnest money deposit of $20,000.00 along with the offer sheet and Application to Lease.

Selection

Proposals submitted to the Port will be analyzed by Port staff to select the financially qualified responded offering the best rental, term and use package. Port staff will then negotiate a lease with the selected respondent utilizing the Port's standard lease format. The earnest money deposits will be returned to the respondents not selected.

The final lease will be presented to the Port Commission and to the Board of Supervisors of the City and County of San Francisco for approval.

MINIMUM PARAMETERS

Rent:	Port staff is seeking a minimum rental of not less than $39,578.80 per month ($474,945,60 annually). This rental rate conforms to the Port Commission approved minimum rental parameters for the Southern Waterfront.
Rent Commencement:	To be proposed.
Term:	A term of not more than 10 years would be available. No options or lease extensions beyond 10 years would be permitted.
Term Commencement:	To be proposed.

Use: Uses consistent with the facility's M-2 (Light Industrial) zoning classification will be considered. The Tenant will be required to obtain all required permits and regulatory clearances for the proposed use.

Brokerage Commission Port staff proposes to offer this opportunity as a brokerable transaction per the Port Commission's previously approved brokerage rate schedule.

Projected RFP Schedule

Port Commission Authorization to Issue RFP	February 24, 1998
Issue RFP	February 28, 1998
Outreach and Advertising	February 28, 1998
Site Tour	March 18, 1998
Deadline for Submittals	March 31, 1998
Selection of Respondent and Lease Negotiations:	Immediately thereafter
Authorization by Port Commission to enter into lease (approximate)	May 12, 1998
Board of Supervisors Approval (approximate)	July 20, 1998
Lease Commencement (approximate)	August 11, 1998

Future Maritime Use of Pier 94-96

Port Real Estate and Asset Management and Maritime staffs have determined that the interim lease of this facility will not restrict the Port's ability to utilize Piers 94-96 for container, auto or special projects cargo, should future demand require the use of these piers.

Prepared by: Nicolas J. Dempsey, Commercial Property Manager, Leasing

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
RESOLUTION No. 98-22

WHEREAS, Charter Section 3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control and lands within Port jurisdiction; and

WHEREAS, the vacant Port heavy vehicle maintenance facility at Pier 96 offers an excellent opportunity to generate interim Port revenues; and

WHEREAS, the interim use of this facility will not restrict the Port's ability to utilize Piers 94-96 for future container, auto and special projects cargo handling,

RESOLVED, that the Port Commission authorizes staff to offer through a request for proposals process consistent with real estate industry standards, a lease of up to ten years for the heavy vehicle maintenance facility located at Pier 96 in accordance with the terms set forth in the Memorandum to the Port Commission for this Resolution.

I hereby certify that the Port Commission at its meeting of February 24, 1998 adopted the foregoing Resolution.

_____
Secretary

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PORT OF SAN FRANCISCO

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MEMORANDUM

February 17, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Frankie Lee
Hon. Michael Hardeman
Hon. James R. Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Amendments to Port Tariff No. 4
Regarding Non-Sportfishing Trips for Hire at Fisherman's Wharf Harbor

DIRECTOR'S RECOMMENDATION: APPROVE AMENDMENTS TO PORT TARIFF NO. 4

BACKGROUND

On May 28, 1996, the Port Commission by Resolution No. 96-49 approved the Policy for Non-Sportfishing Trips for Hire at Fisherman's Wharf Harbor. This Policy permitted Fishing Party Boats berthed at Fisherman's Wharf Harbor to conduct Non-Sportfishing Trips for hire, subject to certain specified conditions. The Policy was adopted in order to stabilize and hopefully to reverse the downward trend in the number of Fishing Party Boats operating from Fisherman's Wharf Harbor, which had decreased steadily from 37 boats in 1970 to only 9 in 1996. The Policy was adopted to allow Fishing Party Boats to supplement their income from sportfishing trips with that generated by other types of trips for hire, including tourist trips.

THIS PRINT COVERS CALENDAR ITEM NO. 5-E

Adoption of this Policy was successful in retaining and expanding the number of Fishing Party Boats at Fisherman's Wharf Harbor, and in providing another means for Fisherman's Wharf visitors to experience the Bay. However, a number of problems with this policy were identified by Port staff which need to be rectified.

PROPOSAL

After several meetings with operators of Fishing Party Boats at Fisherman's Wharf and with a two-member sub-committee of the Port Commission, Port staff recommends that the Policy be amended, and that this amended Policy by incorporated into Rule 34 - Terminal Tariffs, Section 8 - Fishing Industry of Port Tariff No. 4. The proposed amendments to Port Tariff No. 4 are indicated in the attachment to this Memorandum.

The form of this amended policy differs from the policy approved by the Port Commission by Resolution 96-49 in that Port staff recommends that this amended policy be codified as amendments to Port Tariff No. 4. The fundamental substantive changes proposed from the policy approved by Resolution 96-49 are described below.

1. The definition of what constitutes an "Active Fishing Party Boat" has been made less stringent in order to anticipate possible future reductions in sportfishing seasons. To qualify as an Active Fishing Party Boat, the vessel must make a sportfishing trip on a minimum of 50 days per year *(as compared to 75 days per year under the existing policy)*.

2. Non-Sportfishing Trips may only be conducted from Fisherman's Wharf Harbor either by an Active Fishing Party Boat or by an Historic Commercial Fishing Vessel, provided, however, the Historic Commercial Fishing Vessel must be berthed in Berth Nos. 8, 9, 10 or 11 of Fisherman's Wharf Harbor. In Tariff No. 4, an "Historic Commercial Fishing Vessel" is strictly defined as "a boat that was built prior to 1940, is of original construction, was built for purposes of commercial fishing, and is pertinent to the history of Fisherman's Wharf." *(Under the existing policy, only Active Fishing Party Boats may conduct such Non-Sportfishing Trips.)*

3. An Active Fishing Party Boat may carry as many passengers on Non-Sportfishing Trips as allowed by its U.S. Coast Guard Certificate of Inspection, but in no event more than 49 passengers (*as compared to a maximum of 30 passengers under the existing policy*). An Historical Commercial Fishing Vessel may not carry more than six passengers. An Active Fishing Party Boat eligible to conduct Non-Sportfishing Trips shall not exceed 55 feet in length. *(New provision)*.

4. Monthly calendars of rotation shall be prepared for Active Fishing Party Boats indicating the days on which each Active Fishing Party Boat may conduct Non-Sportfishing tours. Only one Active Fishing Party Boat and one Historic Commercial Fishing Vessel at any time may solicit or load passengers for Non-Sportfishing Trips. *(New provision)*

5. In addition to normal dockage fees, operators of Fishing Party Boats and Historical Commercial Fishing Vessels shall pay the Port Passenger Wharfage calculated at $0.70 per passenger on Non-Sportfishing Trips. This Passenger Wharfage must be paid in advance by purchasing individual wharfage tokens from the Port, which must be given by the operator to each passenger purchasing a Non-Sportfishing Trip. No Passenger Wharfage shall be due for Sportfishing Trips. (*This new provision equates to approximately a 7% fee on the amount charged passengers for Non-Sportfishing Trips, which is similar to the percentage amount paid by other operators of maritime excursions on Port property, such as Red & White Fleet, Blue & Gold Fleet, and Hornblower Yachts.*)

6. Berths Nos. 1 - 7 of Fisherman's Wharf Harbor are designated as "Preferred Fishing Party Boat Berths." In the event such a berth is permanently vacated or ownership of the vessel assigned to the berth is transferred, then the berth shall be reassigned based upon the following criteria in order of priority:

   a. To an operator of an Active Fishing Party Boat that is a berth holder at Fisherman's Wharf Harbor, but does not occupy a Preferred Fishing Party Boat Berth.

   b. To an operator of an Active Fishing Party Boat occupying another Preferred Fishing Party Boat Berth.

   c. To a transferee of the vessel assigned to the berth.

   d. To an operator of an Active Fishing Party Boat that is not a berth holder at Fisherman's Wharf Harbor.

   A vessel shall not be deemed to have permanently vacated such a berth if the berth holder acquires a replacement vessel to operate from the berth. A transfer shall not be deemed to have occurred if the sale is to a member of the berth holder's immediate family. However, a transfer shall be deemed to have occurred if the berth holder or a member of the berth holder's immediate family is not on-board the vessel during at least 50% of Non-Sportfishing Trips. *(New provisions.)*

7. Vessel operators shall only solicit customers from the waterside of the fence adjacent to the vessel berths. Voice solicitation shall not be audible beyond the sidewalk adjacent to the vessel berth; i.e., no "barking." Except for approved signs, no personal property, such as chairs and fishing gear, shall be placed or stores on or about berths. *(New provisions.)*

Prepared by: Kirk W. Bennett, Sr. Property Manager, Northern Waterfront/ Fisherman's Wharf

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AMENDMENTS TO PORT TARIFF NO. 4
RULE NO. 34 – TERMINAL TARIFFS; SECTION 8 – FISHING INDUSTRY

ITEM NO. 800 DEFINITIONS OF TERMS USED IN THIS SECTION [Amend the definition of "Harbormaster" and "Fisherman's Wharf Harbor" as follows:]

CHIEF WHARFINGER shall mean the Harbormaster and his or her designee for the area at Fisherman's Wharf south of the breakwater between Pier 45 and the Hyde Street Pier ("Fisherman's Wharf Harbor") and shall mean Chief Wharfinger and his or her designee for all other areas within Port jurisdiction. The terms "Fisherman's Wharf" and "Fisherman's Lagoons" herein shall have the same meaning as Fisherman's Wharf Harbor.

ITEM 831 BERTH ASSIGNMENTS [Amended to add the following at the end of paragraph (a) of the item]

In granting a preferential berth assignment to a Fishing Party Boat, the Chief Wharfinger shall recognize the need of the Fishing Party Boat to have a stall that is accessible to the public. All berth holders with a Preferential Assignment shall execute a Berthing Agreement in the current form approved by the Port.

ITEM NO. 835 ASSIGNMENTS NOT TRANSFERABLE [Amend to add the following as item (3)]

(3) Berths Nos. 1-7 of Fisherman's Wharf Harbor are defined as PREFERRED FISHING PARTY BOAT BERTHS. In the event a Preferred Fishing Party Boat Berth is permanently vacated or a transfer of the vessel assigned to the berth occurs (as defined in this item below), said berth may not be transferred, but shall be assigned by the Port on a priority basis determined by the following criteria (rather than as indicated in Item 830):

(a) The highest priority shall be given to operators of Active Fishing Party Boats (defined in Item 896 hereof) that are existing berth holders at Fisherman's Wharf Harbor, but which do not currently occupy a Preferred Fishing Party Boat Berth. Priority between such existing berth holders is to be determined based upon the length of time that the operator of a Fishing Party Boat has been a berth holder at Fisherman's Wharf Harbor.

(b) The next highest priority shall be given to operators of Active Fishing Party Boats that currently occupy another Preferred Fishing Party Boat Berths. Priority between such existing berth holders is to be determined based upon the length of time that the operator of a Fishing Party Boat has been a berth holder at Fisherman's Wharf

Harbor.

(c) The next highest priority shall be given to a transferee of the vessel currently assigned the Preferred Fishing Party Boat Berth.

(d) The next priority shall be given to existing operators of Active Fishing Party Boats, who are not currently berth holders at Fisherman's Wharf Harbor and who have requested in writing to be placed an a Waiting List for Preferred Fishing Party Boat Berths, which shall be maintained by the Port. Priority on said Waiting List shall be determined based upon the chronological order in which such operators were placed upon the list, as determined by the date an application and deposit is received in accordance with Item No. 830 hereof.

An existing berth holder of a Preferred Fishing Party Boat Berth shall be deemed to have PERMANENTLY VACATED the berth in the event that:

(a) A Transfer of the vessel assigned to the berth occurs (defined hereinbelow);

(b) If the vessel assigned to the berth vacates the berth for a period in excess of six (6) months; or

(c) The Berthing Agreement for the berth is terminated by the Port.

Provided, however, the existing berth holder shall not be deemed to have Permanently Vacated the premises if the berth holder acquires another replacement vessel approved by the Chief Wharfinger to moor in the berth prior to the Transfer of the existing vessel assigned to the berth permanently vacates the berth.

A TRANSFER of a vessel shall be deemed to have occurred upon the occurrence of the following:

(a) Any direct or indirect sale, conveyance, alienation or other transfer of interest in the vessel assigned to the subject berth (except for an encumbrance of the vessel to secure financing on the vessel);

(b) In the event that the berth holder is a corporation, upon the dissolution,merger, consolidation or other reorganization of the corporation, or any cumulative or aggregate sale, transfer, assignment or hypothecation of fifty percent (50%) or more of the total capital stock of the corporation; or

(c) In the event that the berth holder is a partnership or unincorporated association, upon the withdrawal or substitution of any partners(s) owning fifty percent (50%) or

more of said partnership or association, the cumulative or aggregate sale, transfer, assignment or hypothecation of fifty percent (50%) or more of any interest in the vessel, or the dissolution of the partnership or association; or

(d) If the berth holder or a member of the berth holder's immediate family is not on board the vessel assigned to the subject berth during at least fifty percent (50%) of Non-Sportfishing Trips. In the event that a berth holder or a family member is temporarily unable to be on board the vessel during at least fifty percent (50%) of Non-Sportfishing trips due to a documented medical condition or other cause beyond the control of the berth holder, said berth holder may make a written request to the Executive Director of the Port, requesting a temporary waiver of this requirement, and the Executive Director of the Port shall have the authority to grant such a temporary waiver.

Provided, however, a Transfer of a vessel shall not be deemed to have occurred in the event of a sale, conveyance, alienation, transfer, assignment or hypothecation is to a member of the berth holder's immediate family

In the event a Preferred Fishing Party Boat Berth is Permanently Vacated, a Transfer of the vessel assigned to a Preferred Fishing Party Boat Berth occurs, or upon receipt of notification from a berth holder of a Preferred Fishing Party Boat Berth that the berth holder anticipates permanently vacating such berth or anticipates a Transfer of the vessel assigned to such berth, the Port shall notify in writing the highest priority Fishing Party Boat berth holder or vessel operator, as indicated above, as to the availability of said Preferred Fishing Party Boat Berth ("Availability Notice"). Provided, however, in the event such existing Fishing Party Boat berth holder is in default of its Berthing Agreement, has failed to comply with the terms of this Tariff, has a history of non-payment of charges due the Port, or the berth available would not be safe for the berth holder's or operator's boat, said berth holder or operator shall not have any right of refusal regarding the vacated Preferred Fishing Party Boat Berth, and the Port shall not have any obligation to furnish such berth holder with an Availability Notice or to enter into a Berthing Agreement with the berth holder for said Preferred Fishing Party Boat Berth. In the event that a berth holder or operator receiving such an Availability Notice either indicates in writing that it does not desire to occupy said Preferred Fishing Party Boat Berth or does not execute a Berthing Agreement for the Preferred Fishing Party Boat Berth indicated in the Availability Notice within fifteen (15) days of the Availability Notice, the Port shall have no further obligation to offer such berth to said berth holder or vessel operator and may enter into a Berthing Agreement for said berth with another berth holder or vessel operator. The Port shall then follow the similar notification procedure with other berth holders and operators of Fishing Party Boats in accordance with the priority indicated hereinabove, until a Berthing Agreement is executed for the vacated Preferred Fishing Party Boat Berth.

AMENDMENTS TO PORT TARIFF NO. 4
RULE NO. 34 – TERMINAL TARIFFS; SECTION 8 – FISHING INDUSTRY

ITEM 836 TEMPORARY VACATING - RIGHT TO SUBLET [Amended to add the following at the end of item]

Provided, however, the holder of a berth assignment for a Preferred Fishing Party Boat Berth shall not have the right to sublet or assign said berth.

ITEM 845 COMPLIANCE WITH FEDERAL, STATE AND LOCAL RULES AND REGULATIONS [Amend to add the following at the end of item]

All berth holders shall comply with all rules and regulations contained in the Berthing Agreements with the Port for their assigned berths.

ITEM 849 SOLICITATION, ADVERTISING, AND SIGNS [Amended in its entirety to read as follows:

Solicitation, advertising, and signs at the Fisherman's Wharf Harbor relating to Fishing Party Boats or Historical Commercial Fishing Vessels shall be subject to the following rules:

(1) No advertising or signs shall be located off of a vessel berthed at the Fisherman's Wharf Harbor unless the advertising or sign:

(a) Has been approved by a building permit issued by the Port; and

(b) For Fishing Party Boats, is limited to sportfishing trips.

Except for said signs, the berth holder shall not place or store any personal property or trade fixtures on or about the berth, including, but not limited to signs, chairs and fishing gear.

(2) No advertising and signs shall be located on a vessel berthed at Fisherman's Wharf Harbor unless the advertising or sign:

(a) Has been approved in advance by the Port; and

(b) Is professionally designed and fabricated.

In addition, any such advertising or signs located on a Fishing Party Boat berthed at Fisherman's Wharf Harbor, which refers to Non-Sportfishing Trips:

(a) Must be temporary, only being displayed at such times as the boat is actually available to then take such a trip.

(b) Shall be proportionate to the size of the boat, but shall not in any event exceed 27 sq. ft.; and

(c) Shall be situated so that the vessel is the background for the advertising or sign (i.e., it does not block views of other boats or the Fisherman's Wharf Harbor).

In the event that the Port denies approval of a proposed sign or advertising on a vessel berthed at the Harbor, the berth holder shall have the right to appeal said decision to the Executive Director of the Port.

(3) Vessel operators shall only solicit customers from the waterside of the fence adjacent to the vessel berths. Voice solicitation shall not be audible from beyond the sidewalk adjacent to the vessel's berth.

Except as indicated in this item, all other solicitations, advertising, and signs in Fisherman's Wharf Harbor are prohibited without a permit from the Port.

ITEM 856 INSURANCE REQUIREMENTS [Added]

All Fishing Party Boats and any Historical Commercial Fishing Vessel which carries passengers for hire must be insured with Protection and Indemnity (Watercraft Liability) Insurance for marine operations with a limit of not less than One Million Dollars ($1,000,000.00) each occurrence. This policy shall comply with the Port's standard insurance requirements, including naming the City and Port, and their officers, agents and employees, as additional insureds.

SECTION 8G FISHING INDUSTRY - NON-SPORTFISHING TRIPS FOR HIRE FROM FISHERMAN'S WHARF HARBOR [Added]

AMENDMENTS TO PORT TARIFF NO. 4
RULE NO. 34 - TERMINAL TARIFFS; SECTION 8 - FISHING INDUSTRY

ITEM NO. 896 CONDUCTING NON-SPORTFISHING TRIPS FOR HIRE FROM FISHERMAN S WHARF HARBOR. [Added]

No trips for hire shall be conducted from the Harbor except by Fishing Party Boats or by Historic Commercial Fishing Vessels berthed at the Harbor, and only subject to the rules indicated hereinbelow.

A Fishing Party Boat (as defined in Item 800) may conduct Non-Sportfishing Trips for hire from Fisherman's Wharf Harbor ("Non-Sportfishing Trips"), provided that:

(1) The vessel is not longer than 55 ft. and constitutes an ACTIVE FISHING PARTY BOAT, defined as: The Fishing Party Boat makes sportfishing trips (as defined by the California Department of Fish and Game, including the requirement that all passengers have valid California Department of Fish and Game fishing licenses), on a minimum of fifty (50) days during each calendar year. Provided, however, in the event governmental regulations or acts of God during a calendar year make it impossible to conduct sportfishing trips on a minimum of fifty (50) days during that year, then the Executive Director of the Port shall have the authority to reduce the minimum number of days in that calendar year on which an Active Fishing Party Boat is required to make sportfishing trips and to charge the required ratio between the number of days in that calendar year that the Active Fishing Party Boat conducts sportfishing trips and conducts only Non-Sportfishing trips.

(2) The Active Fishing Party Boat meets all of the following requirements of the indicated regulatory agencies ("Regulatory Requirements"):

(a) U.S. Coast Guard

(i) Certificate of Documentation, with a Coastwise Endorsement and a rating of at least 5 tons;

(ii) Master License to U.S. Merchant Marine Officer for captain;

(iii) Certificate of Participation in drug testing program for captain and deck hand(s); and

(iv) Certificate of Inspection (provided, however, a Certificate of Inspection shall not be required for a vessel which operates under U.S. Coast Guard regulations that provide for a maximum of 6 passengers).

(b) California Department of Fish and Game

(i) Commercial Boat Registration;

(ii) Personal fishing license with applicable species endorsements; and

(iii) Skipper's Log Book, Marine Sportfishing Central and Northern California.

(c) Federal Communications Commission

(i) Ship/Aircraft Radio Station License;

(ii) Operator's permit; and

(iii) Trip radio log.

Provided, however, said radio requirements shall not apply to a vessel which operates under U.S. Coast Guard regulations that provide for a maximum of six passengers, but such a vessel must carry an operational VHF marine radio on all trips.

(3) The primary activity of the Active Fishing Party Boat is conducting sportfishing trips as defined by the California Department of Fish and Game. Specifically, the number of days with each calendar year that the Fishing Party Boat conducts sportfishing trips must exceed the number of days that it conducts only Non-Sportfishing Trips (as defined hereinbelow). Days which an Active Fishing Party Boat conducts both sportfishing trip(s) and Non-Sportfishing Trip(s) shall be deemed as a sportfishing day.

(4) The operators of Active Fishing Party Boat who desire to conduct Non-Sportfishing trips shall provide the Chief Wharfinger with a comprehensive monthly calendar of rotation at least ten (10) calendar days before the beginning of each calendar month indicating which Active Fishing Part Boats may conduct Non-Sportfishing trips on each day of the succeeding calendar month, which shall be subject to the approval of the Chief Wharfinger. In the event that such a calendar of rotation is not submitted as indicated above for a calendar month or the Chief Wharfinger does not approve the calendar of rotation which is submitted for a calendar month, then the Chief Wharfinger may for that month modify the calendar of rotation, or, may establish a new calendar of rotation limiting each Active Fishing Party Boat to specified days during such calendar month to conduct Non-Sportfishing Trips.

(5) Only one Active Fishing Party Boat at any time shall solicit or load passengers for Non-Sportfishing Trips.

(6) NON-SPORTFISHING TRIPS are defined as trips which include: Scenic bay tours, wedding or other private parties, business meetings, or similar tours or charters. A trip shall not constitute a Non-Sportfishing Trip if it includes funerals, scattering ashes at sea, or whale watching, and it includes the open waters of the Pacific Ocean (beyond the imaginary line extending between Point Bonita and Mile Rock).

(7) Non-Sportfishing Trips shall be limited to:

(a) For a vessel with a U.S. Coast Guard Certificate of Inspection, the maximum number of passengers permitted by said Certificate, but in no event more than 49 passengers; or

(b) For a vessel without a U.S. Coast Guard Certificate of Inspection, a maximum of 6 passengers (paying or non-paying) plus one vessel crewmember.

An Historic Commercial Fishing Vessel (as defined in Item 800) may conduct Non-Sportfishing Trips, provided that:

(1) The Historic Commercial Fishing Vessel is berthed in Berth Nos. 8, 9, 10, or 11 of Fisherman's Wharf Harbor.

(2) The Historic Commercial Fishing Vessel meets all of the following requirements of the U.S. Coast Guard ("Regulatory Requirements"):

(a) Certificate of Documentation, with a Coastwise Endorsement and a rating of at least 5 tons;

(b) Master License to U.S. Merchant Marine Officer for captain; and

(c) Certificate of Participation in drug testing program for captain and deck hand(s).

(3) Only one Historic Commercial Fishing Vessel at any time shall solicit or load passengers.

(4) Trips for hire shall be limited to a maximum of six passengers (paying or non paying) plus one vessel crew member.

(5) The berth holder or a member of the berth holder's immediate family must be on board the vessel assigned to the subject berth at least fifty percent (50%) of Non-Sportfishing Trips.

(6) The Historic Commercial Fishing Vessel must carry an operational VHF Marine Radio on all trips.

ITEM 897 PASSENGER WHARFAGE [Added]

In addition to Dockage due the Port pursuant to Section 8E hereof, the operator of a Fishing Party Boat or an Historical Commercial Fishing Vessel shall pay the Port Passenger Wharfage calculated at $0.70 (seventy cents) per passenger on a Non-Sportfishing Trip. Said Passenger Wharfage shall be paid to Port in advance by purchasing individual wharfage tokens from the Port, which will be given by the operator to each passenger purchasing a Non-Sportfishing Trip. No Passenger Wharfage shall be due the Port for sportfishing trips.

ITEM 898 REPORTING AND ENFORCEMENT [Added]

Prior to conducting Non-Sportfishing Trips, the berth holder shall furnish the Chief Wharfinger with documentation evidencing compliance with the appropriate Regulatory Requirements and insurance requirements. In the event a berth holder conducts Non-Sportfishing Trips, the berth holder shall provide to the Port by the twentieth (20th) of the following month a report using the manifest form provided by the Port indicating the berth holder's sportfishing trip and Non-Sportfishing Trip activity during the preceding month, and the number of passengers carried on Non-Sportfishing Trips. In addition, upon a minimum of 24 hours notice from the Chief Wharfinger, the berth holder shall provide evidence to the Chief Wharfinger that the berth holder has been in compliance with all provisions of this Tariff. Such evidence shall include, but not be limited to:

(1) Skipper's Log Book, maintained for the Department of Fish and Game; and

(2) Trip monitor log, maintained for the Federal Communications Commission.

If in the judgement of the Chief Wharfinger, based upon information provided by the berthholder or obtained independently by the Chief Wharfinger, the berth holder is not in compliance with any of the rules and regulations contained in this Tariff, then the berth holder's occupancy at Fisherman's Wharf Harbor shall terminate thirty (30) days after written notice from the Chief Wharfinger. The berth holder shall have the right to appeal said termination to the Executive Director for the Port. In the event that the Executive Director confirms the decision to terminate the berth holder's occupancy, said occupancy shall terminate in accordance with the termination notice.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. **98-18**

WHEREAS, jurisdiction over the lands managed by the San Francisco Port Commission was transferred to the City and County of San Francisco pursuant to California Statutes, Chapter 1333, commonly known as the "Burton Act;" and

WHEREAS, the Burton Act mandates that said lands be managed to promote their use and development for trust purposes, and one of these trust purposes is fisheries; and

WHEREAS, City Charter Section 3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, in order to protect, revitalize and expand the sportfishing industry at Fisherman's Wharf, and to enhance the experience of visitors to Fisherman's Wharf; now, therefore, be it

RESOLVED, that the Port Commission hereby adopts the Amendments to Port Tariff No. 4 attached hereto, and authorizes the Executive Director to take all such further action as is necessary to implement the Amendments to Tariff, including submitting the Amendments to Tariff to the Federal Maritime Commission and the California Association of Port Authorities as necessary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 1998.

_____
Secretary

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PORT OF SAN FRANCISCO

MEMORANDUM

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

February 19, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Frankie G. Lee
Hon. Michael Hardeman
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Adopting environmental findings (and a statement of overriding considerations) pursuant to the California Environmental Quality Act and State Guidelines in connection with certain documents relating to the conveyance of land to the regents of the University of California to be developed for university purposes (Resolution No. 98-19)

Approval of an Agreement releasing from the Burton Act and the public trust of certain Port real property located along 6th Street at 16th and Minnesota Streets, authorizing the Executive Director to take such actions as are necessary to donate such property to the Regents of the University of California, and finding that such donation is authorized by and consistent with the provisions of Chapter 1143 of the Statutes of 1991, as amended (Resolution No. 98-20)

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTIONS

I. BACKGROUND

A. Approval of Agreement Re: University of California Donation and Burton Act Trust (Resolution No. 98-20)

1. Purpose of Resolution. The purpose of Resolution 98-20 is for the Port Commission to take certain actions necessary to donate an approximately 0.85 acres site located on 6th Street at 16th and Minnesota Streets to the Regents of the University of California (the "University") for expansion of the University of California at San Francisco ("UCSF") facilities. The donation would be accomplished in conjunction with donations of approximately 3.64 acres of blocks by Catellus Development Corporation, and 1.34 acres of streets (including the 0.85 acres of Port property) by the City.

2. Background. In May 1997, the University approved San Francisco as the location for an expansion of the UCSF facilities. Catellus Development Corporation ("Catellus") and the City currently own portions of the proposed UCSF expansion site. At the University's request, Catellus and the City have offered to donate to the University for no monetary consideration approximately 4.98 acres of land located near Sixteenth and Sixth Streets, which will enable the University to construct three new buildings for UCSF's expansion. Approximately 0.85 acres of the donated property is currently subject to the public trust under the Burton Act for which the Port is the trustee. The 0.85 acres is located along 6th Street, at 16th and Minnesota Streets (the "Port Property"), and is a portion of the 1.34 acres of City streets as shown on the map attached hereto. The Port Property is currently used as a City street, does not produce income for the Port, and is currently maintained under the control of the City as a City street. The street will be vacated prior to donation to the University.

Because the Port Property is subject to the Burton Act trust, the Burton Act trust must be terminated on the Port Property before it may be conveyed to the University. Termination of the trust is permitted under Article X, Section 3 of the California Constitution, and Chapter 1143 of the Statutes of 1991, as amended by Chapter 86 of the Statutes of 1992 and by Chapter 203 of the Statutes of 1997) (the "Act"). In effect, the Act authorizes the State Lands Commission to terminate the public trust and Burton Act trust in filled tidelands and submerged lands within certain property, including the Port Property, in consideration for the conveyance of lands of equal value to the University for expansion of UCSF facilities

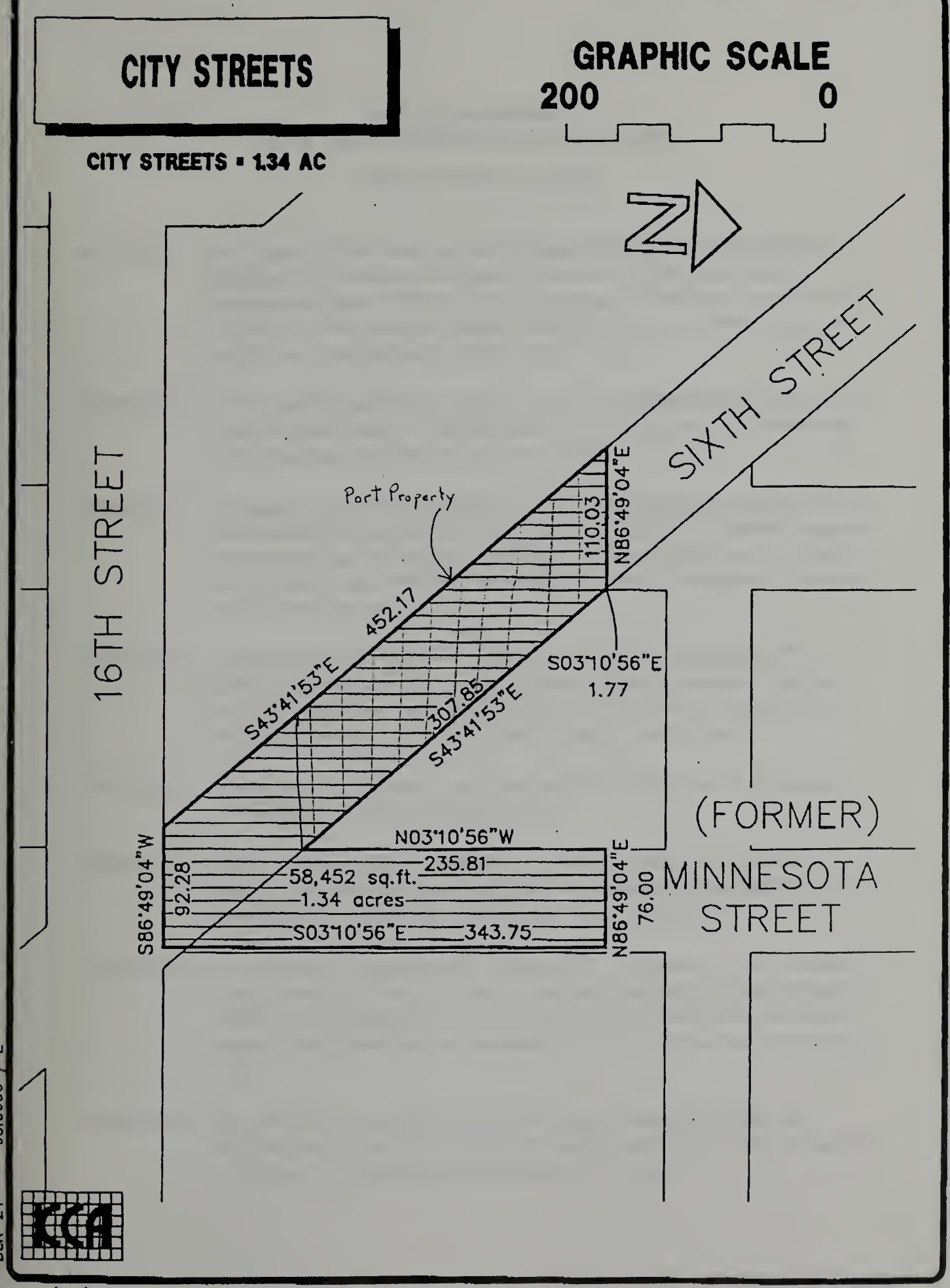
The City, the Port, the State Lands Commission and Catellus have prepared an Agreement (the "Public Trust Agreement") which provides in part for the termination of the Burton Act trust and public trust on the Port Property in consideration for the conveyance of the City/Port/Catellus-owned property to the University for expansion of UCSF facilities. In addition, the City and Catellus have prepared a Donation Agreement under which the City and Port will donate certain property, including the Port Property, to UCSF for expansion of the UCSF facilities. By this calendar item, the Port is being asked to approve the Public Trust Agreement, and to authorize the Executive Director to take such action as is necessary to donate the Port Property to the University, including executing the Donation Agreement.

II. CEQA Findings (Resolution No. 98-19)

The purpose of Resolution No. 98-19 is for the Port Commission to make certain findings under the California Environmental Quality Act ("CEQA") relating to the action taken under Resolution No. 98-20 (described above).

On January 17, 1997, the University certified the Final Environmental Impact Report for the University of California, San Francisco 1996 Long Range Development Plan ("FEIR") as accurate, adequate and objective and in compliance with the California Environmental Quality Act ("CEQA"). A copy of the FEIR has been delivered to each Port Commissioner for his or her review. Concurrent with this calendar item, the Port Commission is being asked to adopt certain findings with respect to the FEIR, as set forth in Resolution No. 98-19.

Prepared by: Neil H. Sekhri, Assistant Port General Counsel



1/30/98

EXHIBIT A MAP SHOWING CITY PROPERTY

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. 98-19

WHEREAS, The Regents of the University of California (the "University") prepared a program-level environmental impact report on the 1996 Long Range Development Plan ("LRDP") for the University of California, San Francisco ("UCSF"), which analyzed, among other things, three possible major new sites for new teaching and research facilities; and

WHEREAS, the University presented its analysis in the draft environmental impact report to the City and County of San Francisco ("City") and the City commented on the draft environmental impact report; and

WHEREAS, on January 17, 1997 the University, as the Lead Agency, certified the Final Environmental Impact Report for the LRDP ("FEIR") as accurate, adequate and objective and in compliance with the California Environmental Quality Act ("CEQA") and found that the FEIR reflected the independent judgment of the University; and

WHEREAS, in January 1997, the University approved the LRDP and the LRDP identified three potential locations for new teaching and research facilities for UCSF, including a site in Mission Bay, near 16th and 6th Streets, and two other locations totally or partially outside of the City; and

WHEREAS, in May 1997 the University approved the Mission Bay site as the location for expansion of UCSF's facilities; and

WHEREAS, Catellus Development Corporation ("Catellus") and the City are the property owners of the area in Mission Bay, consisting of approximately 43 acres, selected by the University for the UCSF facilities; and

WHEREAS, the University requested that Catellus and the City donate to the University approximately 4.98 acres of land located near Sixteenth and Sixth Streets, which will enable the University to construct up to three new bio-medical research buildings which are necessary for University purposes at this time; and

WHEREAS, the new facilities would contain between approximately 385,000 and 540,000 gross square feet of program space, consisting primarily of teaching and research uses and associated support space; and

WHEREAS, the Port owns approximately 0.85 acres of land within the proposed 4.98-acre development site (the "Port Property"), which consists of a portion of 6th Street, as shown on the map on file with the Port Commission Secretary in File No. 98-20; and

WHEREAS, the Port may enter into two agreements with UCSF, (1) the Donation Agreement, whereby the City and Port will donate the Port Property to UCSF to be developed for University purposes, and (2) the Agreement Concerning 4.98 Acres in San Francisco (the "Public Trust Agreement"), whereby, in consideration of the conveyance to the University of the 4.98 acres, the Burton Act trust and other public trust claims will be removed from the Port Property so that it may be conveyed to the University free of such claims and public trust claims will be removed from certain other property owned by Catellus (the two agreements are collectively referred to herein as the "Actions"); and

WHEREAS, the Port Commission is a Responsible Agency, as defined in CEQA, for the purpose of taking these Actions, and, as a Responsible Agency, has reviewed and considered the information contained in the FEIR; and

WHEREAS, the Port Commission finds that the Donation Agreement and Public Trust Agreement and such other actions as are necessary to implement the intent of those agreements are part of the project analyzed in the FEIR for purposes of compliance with CEQA; now, therefore, be it

RESOLVED, that the Port Commission has reviewed and considered the University's findings certifying the FEIR and finding the FEIR adequate, accurate and objective, and reflecting the independent judgment of the University; and be it further

RESOLVED, based upon the Port Commission' review of the FEIR, the Port Commission hereby finds that (1) the FEIR is adequate for use by this Port Commission as a Responsible Agency for taking the Actions; (2) there are no modifications to the project approved by the University and reflected in the Port Commission' actions approving the Donation Agreement and Public Trust Agreement which would require major revisions to the FEIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; (3) no substantial changes have occurred with respect to the circumstances under which the University's project will be undertaken which would require major revisions to the FEIR due to the involvement of new significant environmental effects, or a substantial increase in the severity of effects

identified in the FEIR; and (4) no new information of substantial importance to the University's project has become available which would indicate (a) the University's project will have significant effects not discussed in the FEIR, (b) significant environmental effects will be substantially more severe, (c) mitigation measures or alternatives found not feasible which would reduce one or more significant effects have become feasible, or (d) mitigation measures or alternatives which are considerably different from those in the FEIR would substantially reduce one or more significant effects on the environment; and be it further

RESOLVED, the Port Commission hereby finds that since no new effects could occur and no new mitigation measures are required, as set forth above, the Actions and such other actions as are necessary to implement the intent of those agreements are within the scope of the LRDP project analyzed by the program-level FEIR, and no new environmental document would be required; and be it further

RESOLVED, that the Port Commission has reviewed and considered the FEIR and hereby adopts the Findings, attached hereto as Attachment A, regarding the alternatives, mitigation measures and significant environmental impacts analyzed in the FEIR which are relevant to these Actions, and overriding considerations for approving these Actions, and incorporates Attachment A herein by this reference.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 1998.

_____

Secretary

ATTACHMENT A

1. Introduction

The following findings are hereby adopted by the Port Commission of the City and County of San Francisco ("Port") pursuant to the requirements of the California Environmental Quality Act, California Public Resources Code Sections 21000 et seq., ("CEQA"), the Guidelines for Implementation of CEQA, 15 California Code of Regulations Sections 15000 et seq., (the "CEQA Guidelines") and Chapter 31 of the San Francisco Administrative Code.

2. Description of City Approvals

For CEQA purposes, these findings analyze two actions by the Port. First, the Port is considering authorizing the Port's Executive Director to approve such agreements as is necessary to donate certain Port property to the Regents of the University of California ("University"), consisting of approximately 0.85 acres of present street areas (the "Port Property") to be developed for University purposes. The street areas consist of a portion of Sixth Street, as shown on the map on file with the Port Commission Secretary for File No. 98-19 and 98-20. The Port Property is being donated concurrently with the donation by the City of portions of former Minnesota Street, as shown on the map on file with the Port Commission Secretary for File No. 98-19 and 98-20 (the "City Property"). For purposes of these findings, the term "City Property" will include both the Port Property and the City Property.

Second, the Port is considering approval of a Public Trust Agreement, in Port File No. 98-20, which provides for the termination of the Burton Act trust and public trust interests in the City Property and in certain property owned by Catellus, in consideration for the conveyance to the University of the City Property and approximately 3.64 acres of surrounding property owned by the Catellus Development Corporation ("Catellus") for expansion of University facilities.

3. Description of University's Development Project on the Site

The University intends to develop two or three bio-medical research buildings for the University of California in San Francisco ("UCSF") totaling approximately 385,000 to 540,000 gross square feet on the 1.34 acres of land conveyed by the City and Port, and the 3.64 acres of land conveyed by Catellus (collectively, the "Site") in the area known and identified in the City's General Plan as Mission Bay. No specific development proposal has been developed or approved by the University or reviewed by the City. The transfer of the Site at this time will allow UCSF to seek funding and to develop basic infrastructure and develop a limited amount of needed expansion facilities at the Site.

A. City's Objectives: The City, including its Port Commission, desires that the University develop new facilities at the Site to benefit the citizens of San Francisco by fostering the continued economic, scientific and cultural growth and vitality of

the City and by assuring the continued presence and preeminence of UCSF in San Francisco.

The City wishes to accommodate the immediate needs of the University to expand its facilities by constructing up to three buildings in Mission Bay. Development of such facilities will also benefit the citizens of San Francisco and the University by furthering the charitable, scientific research, educational and public service purposes of UCSF. UCSF is a major source of employment for the City and expansion of UCSF is likely to result in increased employment opportunities for City residents. Expansion of the UCSF campus in San Francisco could also encourage other biotechnical and scientific businesses to locate nearby, providing further employment and economic opportunities. UCSF is a unique resource in the San Francisco community because it has introduced new standards of care, advanced technology, innovative programs, and clinical services for a wide spectrum of the City's population. The City wishes to retain this resource in San Francisco.

B. University's Objectives: The University desires to expand and upgrade campus facilities and programs. The development and expansion of facilities and the increases in faculty and staff are critical to support the academic objectives of UCSF. UCSF is a nationally renowned academic medical center, and its continued success is dependent on the development of additional state-of-the-art facilities for supporting academic and research programs. The development and expansion of facilities in San Francisco, especially of new research space, is also needed to relieve overcrowded conditions in some existing campus facilities. Lack of adequate research space has constrained the ability of UCSF faculty to submit new research proposals for funding. This constraint hampers UCSF's ability to fulfill its academic mission as a major research center. University development at the Site would provide modern research and support facilities necessary to conduct research and permit the expansion of sponsored research funding.

4. **Environmental Review**

A. Required Environmental Review by the University: The University prepared a program-level environmental impact report on the 1996 Long Range Development Plan ("LRDP") for UCSF which analyzed, among other things, three possible new sites for a major expansion of new teaching and research facilities. The University presented its analysis in the draft environmental impact report to the City and the City commented on the draft environmental impact report. On January 17, 1997 the University, as the Lead Agency, certified the Final Environmental Impact Report for the LRDP ("FEIR") as accurate, adequate and objective, reflecting the independent judgment of the University, and in compliance with CEQA. The University's findings setting forth, among other things, the process followed are contained in Board File No. 98-0182.

The FEIR analyzed the LRDP, which presents the physical and land use plan to meet the academic and institutional objectives of UCSF through the academic year

2011/12. The LRDP identified a total space need of about 3.4 million gross square feet, not including parking or housing for junior faculty and staff. The FEIR analyzed both UCSF's reinvestment in existing campus sites and facilities, by carrying out program improvements, infrastructure projects, and code-driven projects at all existing sites, as well as acquisition of sufficient land and developing a major new site to provide additional space for UCSF. One of the three major new sites analyzed in the FEIR was a site in Mission Bay. The FEIR analyzed the addition of 2,650,000 gross square feet of biomedical research facilities and administrative space, as well as campus community and parking areas and structures, in Mission Bay as well as at two other sites partially or totally outside the City.

B. Required Environmental Review by the City: The Port is acting as a Responsible Agency, defined in Public Resources Code §21069, in approving the Project described below. Pursuant to Public Resources Code §21002.1(d), a Responsible Agency is responsible for considering only the effects of those activities involved in a project which it is required by law to carry out or approve. CEQA Guidelines §15096 sets forth the procedures for a Responsible Agency to follow. CEQA Guidelines §15096(g) provides that a Responsible Agency is more limited than a Lead Agency when considering alternatives and mitigation measures. The Responsible Agency has responsibility for mitigating or avoiding only the direct or indirect environmental effects of those parts of the project which it decides to carry out, finance or approve. Accordingly, the Port will not consider all of the environmental impacts, mitigation measures or alternatives for all of the UCSF sites and activities considered in the FEIR. Rather, this Port will focus on the environmental impacts, mitigation measures and alternatives relevant to this Board's approval of the donation of City Property in Mission Bay for the proposed expansion of UCSF facilities by construction of two to three biomedical research buildings totaling approximately 385,000 to 540,000 gross square feet on the 1.34 acres of land conveyed by the City and the 3.64 acres of land conveyed by Catellus. CEQA Guidelines §15096(h) requires the Port to make findings regarding a project, including a statement of overriding considerations. Those findings are set forth in the Resolution and this Attachment A.

5. Analysis of Environmental Impacts

The Department of Planning has provided copies of the FEIR and a Memorandum to the Port Commission dated February 19, 1998 ("Memorandum") which discusses the environmental impacts of conveyance of the City Property to the University and the University's potential development of the Site. The Memorandum is included in Port File No. 98-20. The Memorandum is incorporated into these findings by this reference thereto as though fully set forth herein.

A. Land Use Impacts and Plan Consistency: The current zoning of the Site is MB-R-3 and MB-CI, as described in Planning Code Sections 908 and 913, respectively. UCSF's proposed development is likely to be allowed in an MB-CI zoning district, but not in an MB-R-3 zoning district. If UCSF undertakes development of the Site prior to the City's implementation of any adoption of General Plan or Planning Code amendments, the potential for inconsistency with the City's land use

plans and policies exists. The University identified this impact as a significant environmental impact in the FEIR.

B. Transportation Impacts: Although the portion of Sixth Street within the City Property to be conveyed is not shown as a public street in the Mission Bay Specific Plan, it is currently used as a public street. As described in the Memorandum, Sixth Street does not carry significant traffic volumes in the area to be conveyed to the University. However, in order to maintain access to businesses north of the Site, an acceptable temporary alternative access would be provided by UCSF, if necessary. (Sixth Street would be realigned to connect either to Owens Street on the west or to 16th Street on the east side of the Site.) As a result, no environmental impacts would result from the transfer of this portion of Sixth Street to the University and its potential future vacation as a public street. The former Minnesota Street is already vacated. Accordingly, the transfer of the City Property would not result in any new traffic impacts.

In addition, the FEIR analyzed the transportation impacts of the addition of 2.65 million gross square feet in the Mission Bay area, and found several transportation impacts to be significant. As discussed in the Memorandum, the addition of up to 540,000 gross square feet on the Site, and the additional information regarding transportation impacts on intersection levels of service provided by the Giants Ballpark Environmental Impact Report, do not indicate that new significant environmental impacts not analyzed in the FEIR would result.

C. Hazardous Materials Issues: There are three hazardous materials issues that are relevant to proposed University development of the Site: (1) the potential to encounter hazardous wastes in subsurface soils or groundwater at the Site during construction activities; (2) the storage, handling, and transport of hazardous materials and hazardous wastes during operation of a biomedical research building by UCSF; and (3) the potential for toxic air contaminant emissions from biomedical research. As set forth in the Memorandum, the FEIR discussed all of these issues in the context of a 2.65 million gross square foot project in Mission Bay, and the University adopted mitigation measures to reduce or eliminate these environmental impacts. The University identified the cumulative contribution to load on hazardous waste management facilities as a significant, unavoidable adverse impact of the LRDP. As discussed in the Memorandum, no new information has become available which was not known at the time the FEIR was certified which shows that there are new significant impacts or new feasible mitigation measures for these impacts.

D. Other Environmental Issues: In addition, the FEIR adequately analyzed the following environmental impacts, as required by law: noise, geology and seismicity, hydrology and water quality, vegetation and wildlife, public services, utilities and infrastructure, visual quality, cultural resources, population, employment and housing, and growth inducement impacts. Certain aspects of the air quality analysis are discussed in Paragraph E below, as significant unavoidable adverse impacts. The FEIR analyzed all of the impacts in the context of a much larger project than that under consideration here. Because development of two or three UCSF

buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of environmental impacts identified by the University and the FEIR. Adequate infrastructure exists to serve the proposed development on the Site, and no additional utilities will be necessary to serve the Site. There is no new information about any of these impacts, no substantial changes in the project under consideration, and no changes in the circumstances under which this approval is undertaken which would lead to new significant environmental impacts not analyzed in the FEIR for any of these impacts.

E. Significant Unavoidable Adverse Impacts: The FEIR identified five significant unavoidable adverse impacts which would occur with all of the UCSF and cumulative development contemplated by the LRDP and the FEIR. Those impacts are (1) Land use impacts, with potential conflict with local zoning and the Mission Bay Plan; (2) Transportation ; (3) Air Quality; (4) Noise; and, (5) Cumulative contribution to load on hazardous waste management facilities. Although this Port is not approving development of a "Major New Site," as defined in the FEIR, in Mission Bay, it is possible that some portion of these impacts may occur with the development of up to 3 buildings on the Site, as contemplated by the University. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of environmental impacts identified by the University and the FEIR. The FEIR identified other significant environmental impacts which will be reduced to a level of insignificance by mitigation measures adopted by the University.

(1) Land Use: Conflict With Local Zoning and Specific Plan at Mission Bay

Although Catellus and the City believe that revisions to the Mission Bay Plan and City Planning Code are likely, the possibility of a conflict with existing zoning and Mission Bay Plan policies remains if the development of the Site were to move forward with development prior to rezoning and adoption by the City of a new plan for Mission Bay. The City and the University should attempt to work cooperatively to amend the applicable Mission Bay Plan and City Planning Code provisions to establish appropriate designations for the Site at Mission Bay. Because the timing of any such amendments is uncertain and because neither the University nor the City can dictate the other's action in this regard, this impact is considered significant and unavoidable.

(2) Transportation Impacts: Year 2010 Roadway Impacts at Mission Bay

The University found that development of a Major New Site at Mission Bay would increase traffic on the regional and local roadway networks, resulting in the unacceptable service levels on the following roadway segments in Year 2010:

a. U.S. 101 south of Mariposa Street would operate at LOS F without traffic generated by the Major New Site; traffic generated by the Major New Site would

result in a deterioration in the v/c ratio of 0.01 during the a.m. peak hour.

b. U.S. 101 south of Cesar Chavez Street would be expected to operate at LOS F without traffic generated by the Major New Site; traffic generated by the Major New Site would result in a deterioration in the v/c ratio of 0.01 during the a.m. and p.m. peak hours.

c. I-280 south of Mariposa Street would be expected to operate at LOS F without traffic generated by the Major New Site; traffic generated by the Major New Site would result in a deterioration in the v/c ratio of 0.04 during the a.m. and p.m. peak hours.

d. Cesar Chavez Street west of Folsom Street would operate at LOS E conditions without traffic generated from the Major New Site; traffic generated by the Major New Site would result in a deterioration in the v/c ratio of 0.01 during both the a.m. and p.m. peak hours.

e. Cesar Chavez Street west of Evans Avenue would operate at LOS E conditions without traffic generated from the Major New Site; traffic from the Major New Site would result in a deterioration in the v/c ratio of 0.02 during the a.m. peak hour and 0.03 during the p.m. peak hour.

The University adopted mitigation measures to reduce transportation impacts, but found that they would not reduce the significant environmental impacts to a less-than-significant level. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of environmental impact. Because of the already unacceptable service levels, however, this Port finds that this cumulative impact is significant and unavoidable. This finding is consistent with the findings made when this Port approved the San Francisco Giants Ballpark at China Basin. The environmental impact report prepared for the Giants Ballpark identified traffic impacts as significant and unavoidable.

(3) Air Quality

a. Year 2010 Vehicle Operation Air Pollutant Emissions at Mission Bay: The FEIR found that net new vehicle trips associated with development of a Major New Site at Mission Bay would generate criteria air pollutants in excess of the BAAQMD 80 pounds/day Best Available Control Technology threshold. The University found that Mitigation Measure 12D4-2 ensures that the University would

implement TDM measures to reduce vehicle trips and concomitant vehicular pollutant emissions by expanding the campus shuttle system to include a Major New Site, providing preferential parking for carpools and vanpools, cooperating with public and private transit agencies, cooperating with local public works agencies to improve links between campus facilities and BART and other public transit connections and selling transit passes on site. Based on the discussion in the FEIR, the University found that the adopted mitigation measures will reduce this impact, but not to a less-than-significant level, because the emissions of NOx and PM_{10} emitted by vehicular trips generated by a Major New Site at Mission Bay would not be reduced below the 80 pounds/day threshold. This impact is therefore significant and unavoidable. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of environmental impact.

b. **Regional Cumulative Toxic Air Contaminants Emissions:** The University found that implementation of LRDP activities, in conjunction with cumulative development in the region, could contribute to cumulative increases in the amount of toxic air contaminants emitted in the region, both from stationary sources and mobile sources. The University concluded that existing methodologies are inadequate to assess the magnitude of this potential impact and there is no accepted standard for evaluating the significance of the risks associated with the combination of mobile source emissions and stationary source emissions of toxic air contaminants from the Project and cumulative development projects. The University stated that it therefore would be speculative to assign a precise level of significance to such emissions, and the FEIR concludes that the significance of this impact is unknown. However, in order to avoid underestimating the importance of this impact, and in order conservatively to consider the potential significance of this impact, this impact is considered significant and unavoidable. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of environmental impact.

c. **Mobile Source Toxic Air Contaminants Emissions:** The University found that development of a Major New Site would contribute to roadside emissions of toxic air contaminants from mobile sources related to the Major New Site. No local air district, including the Bay Area Air Quality Management District ("BAAQMD"), has any legal authority to regulate mobile sources of toxic air contaminants, to set significance standards for their impacts or to enforce control measures on the mobile sources if such standards (if they existed) were exceeded. In addition, because any attempt to estimate the health risk resulting from toxic air contaminants from mobile sources associated with LRDP activities would be substantially qualified, it would be speculative to assign a precise level of significance to such emissions. Thus, the FEIR concluded that the significance of this impact is unknown. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of

environmental impact. However, in order to avoid underestimating the importance of this impact, and in order conservatively to consider the potential significance of this impact, this impact is considered significant and unavoidable.

(4) Construction Noise

The University found that construction of campus facilities at a Major New Site would result in noise generated from the construction activities that would exceed the maximum limits specified by local noises ordinances. Mitigation Measure 12E1-1 provides that UCSF would require construction contractors to minimize unavoidable construction noise impacts resulting from development of the Major New Site by use of proper equipment and work scheduling, such as limiting construction hours, as feasible, to between 7:00 a.m. and 8:00 p.m. on weekdays, requiring use of construction equipment with noise reduction devices, erecting temporary noise walls to protect adjacent noise-sensitive areas, minimizing the use of impact tools, locating stationary construction noise sources away from residential or other sensitive receptor areas, and requiring acoustic shielding of such equipment when feasible and appropriate. Based on the discussion in the FEIR, the University found that the adopted mitigation measure will reduce this impact, but not to a less-than-significant level, because construction activities may still result in violations of applicable noise ordinances. The University therefore considered this impact to be temporary, but significant and unavoidable. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of environmental impact. The Port does not generally consider construction impacts to be significant because of their temporary nature.

(5) Hazardous Materials: Cumulative Contribution to Load on Hazardous Waste Management Facilities

The University found that development of a Major New Site, in conjunction with other cumulative development that generates hazardous waste, could place an additional load on hazardous waste management facilities. This could exacerbate existing and projected shortages of environmentally sound waste management and disposal options for hazardous chemical waste and dry, long-lived, low-level radioactive waste. Mitigation Measure 12F1-3 would require that UCSF implement hazardous waste handling, minimization and disposal measures at the Major New Site consistent with safety requirements, applicable laws and regulations, such as extending its hazardous waste minimization plan to include the Major New Site, implementing operational controls required to comply with laws and regulations, and implementing procedures to minimize increases in long-lived radioactive waste generation. Based on the discussion in the FEIR, the University found that the mitigation measure will reduce this impact, but not to a less-than-significant level. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of

environmental impact. UCSF development contemplated at the Site would generate only a portion of the hazardous waste analyzed in the FEIR.

Mitigation Measure 12F1-4 is also partially within the responsibility and jurisdiction of other public agencies, and not the University. The actions of UCSF alone cannot mitigate this impact and other governmental entities would need to take steps to mitigate this impact. For example, the City implements and facilitates hazardous waste minimization programs, the state could set mandatory waste reduction targets, and state or federal governments could operate treatment or disposal facilities. This mitigation measure can and should be adopted and implemented by the responsible agencies. Because the feasibility and implementation of such measures cannot be guaranteed by UCSF or the City, this impact is considered significant and unavoidable.

6. New Information and Changes in Circumstances

In 1990 the City approved the Mission Bay Plan and Planning Code amendments to implement the 1990 Mission Bay Plan. Development under the 1990 Mission Bay Plan did not occur and Catellus, the major property owner in Mission Bay, terminated its development agreement with the City. The Mission Bay Plan continues to be the adopted General Plan policies for Mission Bay. Article 9 of the Planning Code contains the land use designations and zoning controls for Mission Bay. Other than interim uses, development has not occurred in the Mission Bay area and the FEIR for the LRDP accurately describes the setting of Mission Bay. No substantial changes have occurred with respect to the circumstances under which the LRDP was adopted and the FEIR was certified which would require additional environmental review.

Preliminary Plans for the proposed establishment of Redevelopment Areas for Mission Bay North and Mission Bay South have been adopted and are undergoing further study and environmental analysis. The City has not adopted or approved Redevelopment Plans, nor has the City committed to any development of the Mission Bay Area. This study has not led to any substantial changes with respect to the circumstances under which the LRDP was adopted and the FEIR was certified which would require additional environmental review. The analysis and findings contained herein are independent of any ongoing Mission Bay planning and any future entitlements or actions sought by Catellus or the Redevelopment Agency will be evaluated separately by this Board.

Since the University's certification of the FEIR, the City approved construction of the San Francisco Giants' Ballpark at Pier 46B. The FEIR discussed transportation and other impacts of the ballpark based upon the preliminary information that was available at the time the FEIR was being prepared. The Final Environmental Impact Report that was prepared and certified for the San Francisco Giants Ballpark did not provide any new information which indicates that transportation or other impacts would be more significant than that described in the FEIR.

7. Alternatives

The FEIR analyzed four alternatives to the LRDP which had the potential to eliminate or reduce the significant environmental effects of the LRDP. The Alternatives are described in more detail in the University's findings, in Port File No. 98-0182, on pages 28-33. Although this Port is not approving implementation of the LRDP with this approval of the conveyance of the City Property, the University has selected the area around and including the Site as UCSF's Major New Site. Since some smaller portion of the environmental impacts analyzed in the FEIR may be expected to occur with implementation of the University's development plans for the Site, the Port will analyze the Alternatives discussed in the FEIR, to the extent required by Public Resources Code §21002.1(d) and CEQA Guidelines §15096.

The Port has no jurisdiction to reject or accept any of the alternatives analyzed in the FEIR, as none of the alternatives are within the Port's power to implement. The University is the sole decision-maker with respect to University policy and development decisions. No feasible alternatives are within the Port's power to adopt which would substantially lessen or avoid the significant environmental impacts identified in the FEIR. The City, as set forth above in the City's Objectives, wishes to encourage the retention of UCSF in the City and to assist in any way possible to maintain UCSF's preeminent reputation in the medical research field.

The University rejected Alternative 1, the No Development Alternative, as infeasible because it would not meet the University's main objective to provide adequate space for decompression, expansion and consolidation for long-term campus growth and maintenance of UCSF's role as a preeminent medical research facility. The University further found that Alternative 1 would not result in increased seismic safety or reduce the pressure on UCSF's Parnassus Heights site in the City.

The University rejected Alternative 2, the Dispersed Locations Alternative, because it would not decrease the pressure on UCSF's Parnassus Heights site, and would lead to higher operational costs and greater inefficiencies in staffing, services and inter-site travel due to the decentralized locations of campus operations. The University further found that such inefficiencies and inconveniences would result in the loss of opportunity for the desirable interaction among campus faculty and staff involved in teaching, research and clinical care.

The University rejected Alternative 3, the Reduced Project Alternative, because it would not result in any environmental benefit at UCSF's Parnassus Heights site, nor would it meet the University's requirements for medical research and teaching space.

The University rejected Alternative 4, the Two-Satellite Alternative, as infeasible since it would create greater operational inefficiencies and higher costs for the University. In addition, the University found that one of the two potential satellite sites, in the Presidio, was unlikely to be available for University uses.

8. **Mitigation Measures**

The University adopted all of the mitigation measures proposed in the FEIR, and adopted a mitigation monitoring program, which is included in Port Commission File No. 98-20, and is attached to the Memorandum as Exhibit 2. Only two of the

mitigation measures are within the City's jurisdiction, Mitigation Measures 12B4-1 and 12C4-3. The remaining mitigation measures are within the jurisdiction of the University or another agency. The Port hereby finds that the University can and should adopt, in fact has adopted, all of the mitigation measures in the FEIR.

Because the University is exempt under Article 9, Section 9 of the State Constitution from local planning, zoning and building regulations when using its property for educational purposes, any property used by UCSF for educational purposes would not be subject to subsequent local regulation or to City review and approval. Nevertheless, the Port hereby finds that no additional mitigation measures are necessary to substantially lessen or avoid any significant effect that the UCSF Project would have on the environment.

The mitigation measures contemplate implementation of the LRDP, which includes a 2.65 million gross square foot Major New Site at Mission Bay, as well as changes at other facilities operated by UCSF. Because development of two or three UCSF buildings on the Site represents only a small portion of the project analyzed in the FEIR, conveyance of the Site is not likely to cause the same level of environmental impact or require the same level of mitigation measures at this time. As the University undertakes the development of the Site contemplated herein, the University will implement appropriate mitigation measures as required by the FEIR and adopted by the University.

Mitigation Measure 12B4-1 is partially within the jurisdiction of the City. The measure provides that UCSF could ask the City to amend the Mission Bay Plan and San Francisco Planning Code Article 9 to establish appropriate designations for a UCSF campus in Mission Bay. The City is currently studying establishment of a Redevelopment Area in Mission Bay South, and has adopted a Preliminary Plan setting forth the Mission Bay South area and proposed uses. The Mission Bay Conceptual Land Use Plan, attached to the Preliminary Plan, includes designation of a site to accommodate a UCSF campus, consistent with the University's plans in the LRDP. The area proposed for the UCSF campus includes the Site contemplated in these Port actions. The Planning Commission, the Redevelopment Agency Commission and the Board of Supervisors will consider this proposal after environmental review is complete for the Mission Bay Redevelopment Areas. The Planning Department and Redevelopment Agency will monitor the implementation of this mitigation measure as they analyze the proposed Mission Bay Redevelopment Plans.

Although it is not this Port's intention, it is possible that the City will ultimately adopt a land use plan for Mission Bay South that does not meet all of UCSF's needs. Since the University is exempt from local zoning laws when it uses its land for educational purposes, the University could choose to develop the Major New Site in a manner that is inconsistent with local zoning. Mitigation Measure 12B4-1 is outside the Port's jurisdiction and this Port hereby urges the Mayor to urge the Planning Commission and the Redevelopment Agency Commission to direct its staffs to work cooperatively with UCSF to ensure that a land use plan is proposed which can

accommodate both the City's goals and policies as well as the University's objectives for its Major New Site as analyzed in the FEIR.

Mitigation Measure 12C4-3 is within the jurisdiction of the City. The measure proposes restricting peak-period on-street parking on Cesar Chavez Street in order to introduce another through lane in each direction. The City is currently studying the environmental impacts of development of Mission Bay North and Mission Bay South, an area approximately 300 acres in size, with full development and build-out of the area contemplated. The City is also studying the environmental impacts of development of Candlestick Point. If the City determines that improvements to Cesar Chavez Street are warranted to reduce transportation impacts for the Mission Bay and/or the Candlestick Point projects, the City will implement those changes. If the improvements are not appropriate, these improvements may not be implemented by the City. Mitigation Measure 12C4-3 is premature for adoption at this time, because it is not necessary for UCSF's proposed development of the Site. Mitigation Measure 12C4-3 is outside the jurisdiction of the Port. The Port hereby urges the Mayor to urge the Planning Commission and the Redevelopment Agency Commission to direct its staffs to consider this mitigation measure when analyzing the traffic impacts of other City development proposals which may have an impact on Cesar Chavez Street. The Planning Department and Redevelopment Agency will monitor implementation of this mitigation measure as they analyze the Mission Bay and Candlestick Point development proposals.

9. Statement of Overriding Considerations

Notwithstanding the unavoidable significant environmental impacts noted above, pursuant to Public Resources Code Section 21081(b), the CEQA Guidelines, and Chapter 31 of the San Francisco Administrative Code, the Port finds, after considering the FEIR, that specific overriding economic, legal, social and other considerations, as set forth below, outweigh the identified significant environmental impacts. In addition, the Port finds that those Alternatives and Mitigation Measures either partially or totally rejected, are also rejected for the following specific economic, social or other considerations, in and of themselves, in addition to the specific reasons discussed above.

A. The City desires that the University develop new facilities at the Site to benefit the citizens of San Francisco by fostering the continued economic, scientific and cultural growth and vitality of the City and by assuring the continued presence and preeminence of UCSF in San Francisco.

B. Development of the UCSF facilities at the Site will benefit the citizens of San Francisco by furthering the charitable, scientific research, educational and public services provided by UCSF.

C. UCSF is a major source of employment for the City and expansion of UCSF is likely to result in increased employment opportunities for City residents. Expansion of the UCSF campus in San Francisco could also encourage biotechnical and scientific businesses to locate nearby, providing further employment and economic opportunities.

D. UCSF is a unique resource in the San Francisco community because it has introduced new standards of care, advanced technology, innovative programs, and clinical services for a wide spectrum of the City's population. The City wishes to retain this resource in San Francisco.

E. The development and expansion of facilities, especially of new research space is needed to relieve overcrowded conditions at the UCSF Parnassus Heights site, consistent with the objectives of the LRDP.

F. UCSF research programs have been expanding for many years, but the lack of adequate research space has constrained the ability of faculty to submit new research proposals for funding. This hampers UCSF's ability to fulfill its academic mission as a major research center. Expansion at the Site would provide modern research and support facilities necessary to conduct research and permit the expansion of sponsored research funding.

G. UCSF is committed to excellence in the education of physicians, nurses and other health care professionals who will meet society's future health care needs. UCSF has initiated many clinical programs and services through which the results of advanced biomedical research conducted by its faculty and researchers have found direct applications. Many innovative procedures and technologies have been developed.

PORT OF SAN FRANCISCO
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-20

WHEREAS, In May 1997, the Regents of the University of California ("University") approved San Francisco as the location for an expansion of the University of California San Francisco ("UCSF") facilities; and

WHEREAS, Catellus Development Corporation ("Catellus"), the City, and the Port currently own portions of the proposed UCSF expansion site located on and around Sixteenth and Sixth Streets; and

WHEREAS, At the University's request, Catellus has offered to donate approximately 3.64 acres of blocks, and the City, including the Port Commission, have offered to donate approximately 1.34 acres of streets (the "City Property"), to the University for no monetary consideration land, which will enable the University to construct three new buildings for UCSF's expansion; and

WHEREAS, Approximately 0.85 acres of the City Property, located on 6th Street at 16th and Minnesota Streets (the "Port Property"), as more particularly shown on the map on file with the Port Commission Secretary in File No. 98-20, is currently subject to the public trust under the Burton Act for which the Port is the trustee; and

WHEREAS, Because the Port Property is subject to the Burton Act trust, the Burton Act trust must be terminated on the Port Property before it may be conveyed to the University; and

WHEREAS, Termination of the trust is permitted under Article X, Section 3 of the California Constitution, and Chapter 1143 of the Statutes of 1991, as amended by Chapter 86 of the Statutes of 1992 and by Chapter 203 of the Statutes of 1997) (the "Act"); and

WHEREAS, The City, the Port, the State Lands Commission and Catellus have prepared an Agreement (the "Public Trust Agreement") which provides in part for the termination of the Burton Act trust and public trust on the Port Property in consideration for the conveyance of the City/Port/Catellus-owned property to the University for expansion of UCSF facilities; and

WHEREAS, The donation of the Port Property is required for the development of the UCSF facilities and UCSF would not proceed with development of the facilities without the donation of the land by the City, Port and Catellus; and,

WHEREAS, The terms and conditions of the proposed conveyance of the City and Port Property by the City and Port to the University are on file with the Secretary of the Port Commission in File No. 98-20 (the "Donation Agreement"); and,

WHEREAS, Catellus owns the remaining approximately 3.64 acres of the development site and will convey such land to the University under the terms and conditions of a separate agreement; and,

WHEREAS, On January 17, 1997, the University certified the Final Environmental Impact Report for the University of California, San Francisco 1996 Long Range Development Plan ("FEIR") as accurate, adequate and objective and in compliance with the California Environmental Quality Act ("CEQA"); and,

WHEREAS, The Port Commission has reviewed and considered the information contained in the FEIR; and,

WHEREAS, By Resolution No. 98-19, the Port Commission has found that the approval of the Donation Agreement and the Public Trust Agreement are part of the project for purposes of compliance with CEQA and adopted findings with respect to the FEIR; and,

WHEREAS, The Port Property is subject to the Burton Act trust and necessitates an agreement with the State to terminate any Burton Act trust or public trust interests in the Port Property; and,

WHEREAS, The Port Property is no longer useful for public trust purposes; and,

WHEREAS, Article X, Section 3 of the California Constitution provides that tidelands within two miles of any incorporated city, city and county, or town in California may be sold by the State if such tidelands were reserved to the State solely for street purposes and the California legislature finds and declares that they are not used for navigation purposes and are not necessary for such purposes, subject to such conditions as the Legislature

RESOLVED, That the Port Commission hereby finds the following:

(1) The Port Property consists of tide or submerged lands that were originally reserved for use as streets and have been filled and reclaimed; and

(2) The Port Property is not used, suitable, or necessary for navigation purposes; and

(3) Section 3 of Article X of the California Constitution allows the sale to any city, city and county, municipal corporation, private person, partnership or corporation of tidelands reserved to the State solely for street purposes, which tidelands the Legislature finds and declares are not used and not necessary for navigation purposes, subject to such conditions as the Legislature may impose to protect the public interest; and

(4) There is a dispute between the City and the State with respect to the extent to which the City Property may be subject to the public trust or other encumbrances that may have arisen because the lands were once sovereign lands of the State; and

(5) The existing fragmented pattern of public and private ownership within the Port Property, especially the industrial area street system and parcelization imposed on this area largely as the result of subdivisions and sales in the latter half of the 19th century, limit both the potential development of those areas and the expansion of the desirable public uses in those areas, including, but not limited to, the expansion of the San Francisco campus of the University. Consolidation of public and private ownerships, together with addressing the environmental condition as required by applicable law of all real property to be made available for the San Francisco campus of the University, will permit the development of improved public facilities. The development would otherwise not be feasible because of existing ownership patterns and lack of Port and State funds; and

(6) Under the Public Trust Agreement, the consideration for the conveyance of lands or interests in lands pursuant to Section 3 of Article X of the California Constitution is the conveyance to the University of lands or interests in lands for expansion of its San Francisco campus, and the value of the conveyance to the University equals or exceeds the value

determines are necessary to be imposed in connection with any such sales to protect the public interest; and

WHEREAS, Chapter 1143 of the Statutes of 1991, as amended by Chapter 86 of the Statutes of 1992 and by Chapter 203 of the Statutes of 1997 (the "Act"), authorizes the State Lands Commission, pursuant to Article X, Section 3 of the California Constitution, to grant to the City any and all of the right, title and interest held by the State by virtue of its sovereignty, and not previously conveyed, including any Burton Act trust or public trust interest in and to filled tidelands and submerged lands within the Port Property in consideration for the conveyance of lands to the University for expansion of UCSF facilities; and,

WHEREAS, The City, its Port Commission, the State Lands Commission and Catellus have prepared the Public Trust Agreement to provide for the termination of the Burton Act trust and public trust interests in the Port Property, in certain other City property, and in certain property owned by Catellus pursuant to the Act in consideration for the conveyance to the University of the City and Port Property and approximately 3.64 acres of surrounding property owned by Catellus for expansion of UCSF facilities, and have prepared a Donation Agreement, providing for the donation of the same property to UCSF; and,

WHEREAS, As used in this Resolution, the terms "Burton Act trust," and "public trust," shall have the same definition as set forth the Act; and,

WHEREAS, The Donation Agreement and the Public Trust Agreement contemplate that certain lands in dispute with the State of California and certain other lands subject to the public trust or the Burton Act trust shall be conveyed free of those trusts to the University; and,

WHEREAS, Such transfer requires resolution of title disputes which have existed among the City, the State of California, and Catellus, such disputes having concerned the extent and nature of their respective ownership of lands and interests in lands within the City and Port Property; now, therefore, be it

RESOLVED, That the conveyance of the Port Property to the University is in the best interests of the City and the Port, and will further a public purpose; and, be it further

of the lands or interests in lands that are to be conveyed pursuant to Section 3 of Article X of the California Constitution; and

(7) The lands or interests in lands to be conveyed by the Port and over which the public trust or the Burton Act trust, or both trusts, will be terminated within the Port Property have been filled and reclaimed and are nonwaterfront and have been cut off from direct access to the waters of San Francisco Bay, those parcels consisting entirely of dry land lying above the present line of mean high tide and being no longer needed or required for the purposes of the public trust or the Burton Act trust; and

(8) The lands or interests in lands to be conveyed by the Port and over which the Burton Act trust or the public trust, or both trusts, will be terminated constitute a relatively small portion of the granted tidelands; and

(9) The tidelands in dispute within the Port Property were reserved to the State solely for street purposes, and are not used or necessary for navigation purposes, are to be disposed of consistent with and in furtherance of the Act, and therefore their disposal is consistent with Section 3 of Article X of the California Constitution; and, be it further

RESOLVED, That the Port Commission hereby finds pursuant to Section 5 of the Act that the proposed conveyances are consistent with the legislative findings and declarations set forth in Section 2 of the Act; and, be it further

RESOLVED, That the Port Commission hereby authorizes the Port's Executive Director or his designee to execute the Public Trust Agreement, and the Donation Agreement, in the name and on behalf of the Port, in substantially the form of such agreement on file with the Secretary of the Port Commission for this item, in such final form as is approved by the City Attorney; and, be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port or his designee to enter into any additions, amendments or other modifications to the Public Trust Agreement and the Donation Agreement (including, without limitation, the exhibits) that the Executive Director of the Port determines, in consultation with the City Attorney, are in the best interests of the Port, do not materially increase the obligations or liabilities of the Port, do not materially diminish the rights of the Port, and are necessary or advisable to complete the transaction contemplated in the Public Trust Agreement and Donation Agreement

and effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by the Executive Director of the Port of the Public Trust Agreement, the Donation Agreement, and any amendments thereto; and, be it further

RESOLVED, That the Port Commission hereby authorizes the Executive Director of the Port or his designee to take any and all steps (including, but not limited to, the execution and delivery of any and all agreements, notices, consents and other instruments or documents) as they or any of them deem necessary or appropriate, in consultation with the City Attorney, in order to consummate the Public Trust Agreement or the Donation Agreement, in accordance with this resolution, or to otherwise effectuate the purpose and intent of this resolution, such determination to be conclusively evidenced by the execution and delivery by such person or persons of any such documents.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 1998.

_____
Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 19, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James Herman
Hon. Frankie G. Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Temporary locations of J.C. Decaux kiosks due to construction of the Mid-Embarcadero Roadway and permanent locations within the Mid-Embarcadero area.

DIRECTOR'S RECOMMENDATION: AMEND RESOLUTION 96-97 TO ALLOW TEMPORARY AND PERMANENT LOCATIONS FOR KIOSKS

The Port Commission, the City and County of San Francisco, and the J.C. Decaux Company entered into a contract in April 1994 to install four self-cleaning public toilets and eight public service kiosks within Port jurisdiction. In Resolution 95-38 (attached hereto) and amended in Resolution 96-97 (also attached hereto), the Commission authorized the locations of the toilets and kiosks. The Commission is hereby requested to amend the resolution to allow temporary and permanent locations of two kiosks that are currently located in front of the Ferry Building.

The two kiosks currently located in front of the Ferry Building will be moved for approximately two years to allow for construction of the Roadway and the plaza in front of the Ferry Building. Temporary locations for kiosks are proposed for the southwest corner of Bay Street and the Embarcadero and the northwest corner of Broadway Street and the Embarcadero. Upon completion of the Embarcadero Roadway the kiosks would be moved to permanent locations in the plaza in front of the Ferry Building (see attachment A). One kiosk would be located in the central plaza two feet west of the northbound travel lanes and approximately 45 feet south of the central crosswalk. The second permanent kiosk location would also be located in the central plaza, seven feet east of the southbound travel lanes and approximately fifteen feet north of the crosswalk that aligns with the southern end of the Ferry Building.

Public notices were sent out in compliance with Department of Public Works Order No.169,739 to all property owners within 150-foot radius of the proposed temporary locations.

Prepared By: Dan Hodapp, Project Coordinator

THIS PRINT COVERS CALENDAR ITEM NO. 7A

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-23

WHEREAS, The Port Commission, the City and County of San Francisco, and J.C. Decaux Company have entered into a contract (April 1994) to install self-cleaning public toilets and public service kiosks on Port property; and

WHEREAS, The contract provides that a total package of four public toilets and eight public service kiosks will be located on Port property. All locations should be reviewed and approved by the Port Commission; and

WHEREAS, Pursuant to the contract, the J.C. Decaux Company will install and maintain, at no cost to the Port, the public toilets and public service kiosks on Port property; and

WHEREAS, Pursuant to the contract, the J.C. Decaux Company will submit engineering drawings to secure all necessary permits from the Chief Harbor Engineer and other regulatory agencies, with jurisdiction over the proposed facilities;

WHEREAS, Construction of the Mid-Embarcadero Roadway requires relocation of the two kiosks currently located in the Mid-Embarcadero area to temporary locations for the duration of the construction period; now, therefore be it

RESOLVED, That the Port Commission approves the temporary installation of the two public service kiosks at the northwest corner of Broadway Street and the Embarcadero and at the southwest corner of Bay Street and the Embarcadero; and be it further

RESOLVED, That the Port Commission approves the permanent installation of the two public service kiosks in the Mid-Embarcadero area in the Ferry Building Central Plaza, immediately west of the northbound travel lanes and approximately 45 feet south of the central crosswalk, and in the Ferry Building Central Plaza, adjacent to the southbound travel lanes and immediately north of the crosswalk that aligns with the southern end of the Ferry Building; and, be it further

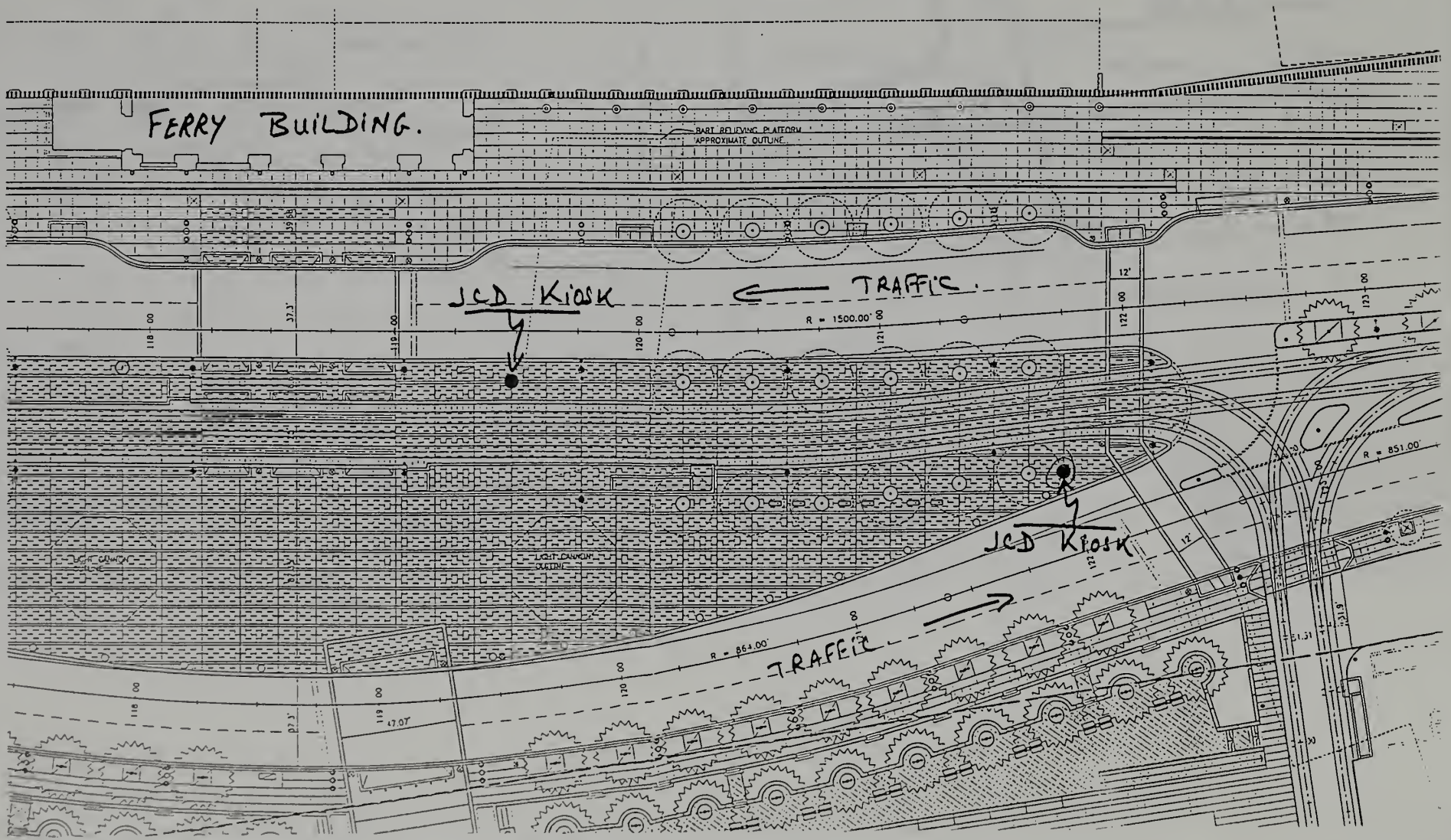
RESOLVED, That the above locations are approximates and, if upon further technical investigations and discussion between the Executive Director and J.C. Decaux and any of the sites prove improbable, the Executive Director is hereby authorized to modify the locations to accommodate the placement of the Decaux facilities.

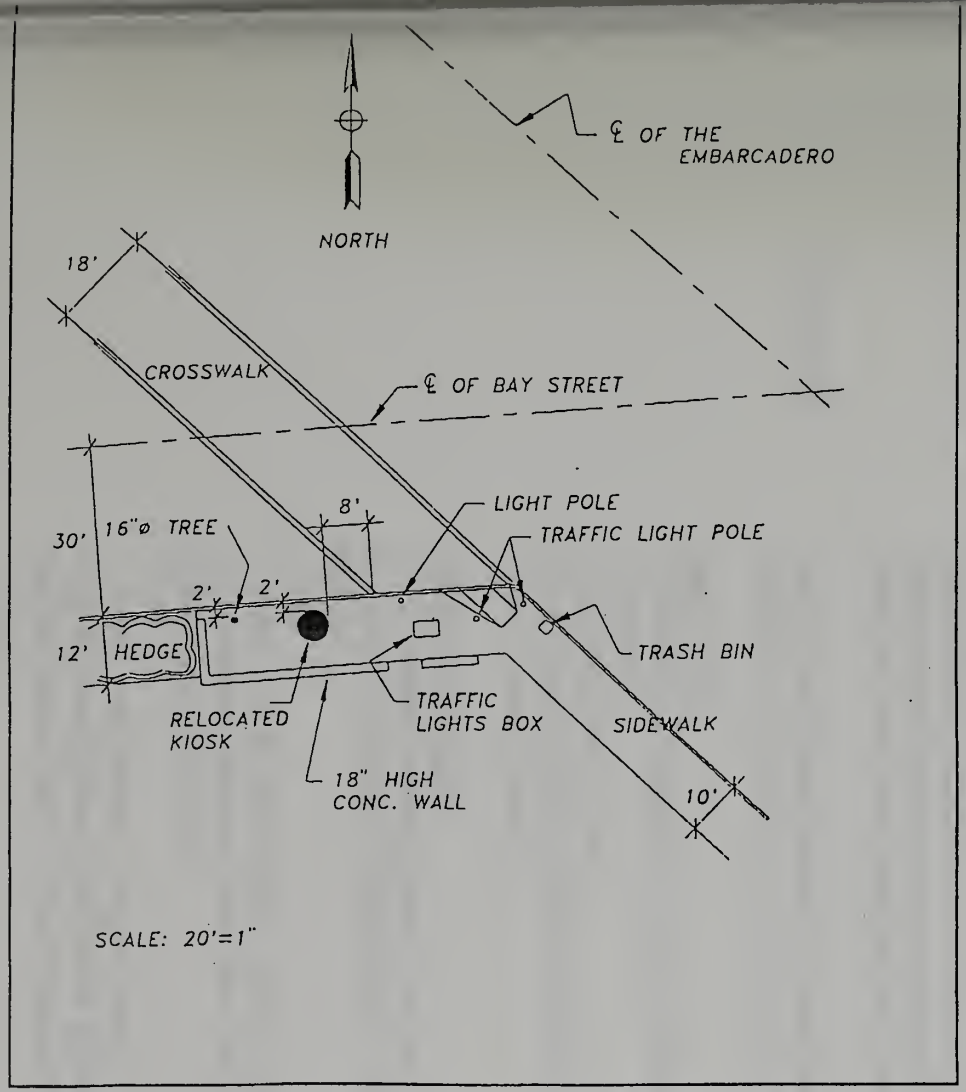
I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 1998.

_____
Secretary

Attachment A

J.C. Decaux Kiosk Locations in the Ferry Building Plaza





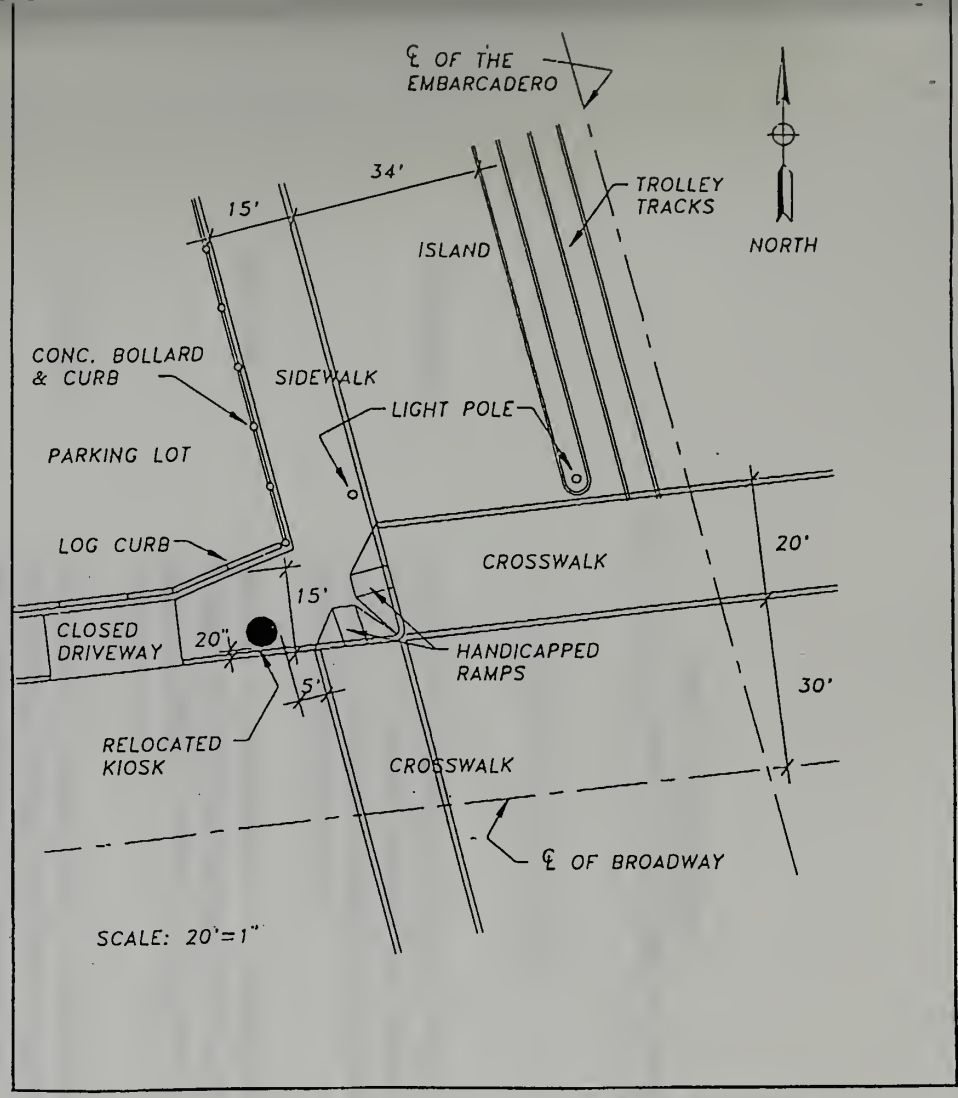
BAY STREET AND EMBARCADERO
SOUTH WEST CORNER

D.M.T. WAY Associates
Engineers and Architects
103 Woodward Ave.
Sausalito, CA 94965
415-331-6665

Drawing No. L-2

Title: BAY AND EMBARCADERO SITE PLAN Date: 02-02-98 By: E.L

TOTAL P.03



BROADWAY AND EMBARCADERO
NORTH WEST CORNER

D.M.T. WAY Associates
Engineers and Architects
103 Woodward Ave.
Sausalito, CA 94965
415-331-6665

Drawing No. L-1

Title: BAY AND EMBARCADERO SITE PLAN Date: 02-02-98 By: E.L

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 96-97

WHEREAS, the Port Commission, the City and County of San Francisco, and the J.C. Decaux Company have entered (April 1994) into a contract to install self-cleaning public toilets and public service kiosks on Port property; and

WHEREAS, the contract provides that a total package of 4 public toilets and 8 public service kiosks will be located on Port property. All locations should be reviewed and approved by the Port Commission; and

WHEREAS, pursuant to the contract, the J.C. Decaux Company will install and maintain, at no cost to the Port, the public toilets and public service kiosks on Port property; and

WHEREAS, pursuant to the contract, the J.C. Decaux Company will submit engineering drawings to secure all necessary permits from the Chief Harbor Engineer and other regulatory agencies, with jurisdiction over the proposed facilities; now therefore be it

RESOLVED, the Port Commission approves the installation of public toilets and public service kiosks in the following locations:

Public Toilets
1. Pedestrian Promenade, near the Fire Station, Embarcadero and Folsom.
2. Marginal Wharf at Pier 7.
3 & 4. Powell, Jefferson and the Embarcadero, Fisherman's Wharf Triangle Parking Lot.

Public Service Kiosks
1. & 2. Market Street crosswalk, East side of Central Island and West side of Central Island along the Embarcadero, Ferry Building.
3. Pier 7.
4. Powell and the Embarcadero, Pier 39 Garage.
~~5. Mason and Jefferson.~~ North side of Jefferson, west of the Mason Street intersection.
6. Pier 41.
7. Taylor and Jefferson, Octagon building.
~~8. Jefferson and Hyde;~~ South side of Jefferson, 75 to 100 feet from the eastern edge of Haslett Warehouse;
be it further

RESOLVED, that the above locations are approximates and, if upon further technical investigations and discussions between the Executive Director and J.C. Decaux any of the site proves improbable, the Executive Director is hereby authorized to modify the locations to accommodate the placement of the Decaux facilities.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of September 24, 1996.

Secretary

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 95-38

WHEREAS, the Port Commission, the City and County of San Francisco, and the J.C. Decaux Company have entered (April 1994) into a contract to install self-cleaning public toilets and public service kiosks on Port property; and

WHEREAS, the contract provides that a total package of 4 public toilets and 8 public service kiosks will be located on Port property. All locations should be reviewed and approved by the Port Commission; and

WHEREAS, pursuant to the contract, the J.C. Decaux Company will install and maintain, at no cost to the Port, the public toilets and public service kiosks on Port property; and

WHEREAS, pursuant to the contract (Sec. 4.03, B) the Executive Director will review and approve all non-commercial advertising materials to be placed on wither the public toilets or the public service kiosks. As part of the Executive Director's approval under the contract, he will review and approve a map of the Port of San Francisco; and

WHEREAS, pursuant to the contract, the J.C. Decaux Company will submit engineering drawings to secure all necessary permits from the Chief Harbor Engineer and other regulatory agencies, with jurisdiction over the proposed facilities; now therefore be it

RESOLVED, the Port Commission approves the installation of public toilets and public service kiosks in the following locations:

Public Toilets

1. Pedestrian Promenade, near the Fire Station, Embarcadero and Folsom.
2. Marginal Wharf at Pier 7.
3 & 4. Powell, Jefferson and the Embarcadero, Fisherman's Wharf Triangle Parking Lot.

Public Service Kiosks

1. Market Street crosswalk, East side of Central Island along the Embarcadero, Ferry Building.
2. Pier 7.
3. Pier 35, Western end of the Bulkhead Building.
4. Powell and the Embarcadero, Pier 39 Garage.
5. Mason and Jefferson.
6. Pier 41.
7. Taylor and Jefferson, Octagon building.
8. Jefferson and Hyde;

be it further

RESOLVED, that the above locations are approximates and the J.C. Decaux Company is not in complete agreement with several kiosk locations and, if upon further technical investigations and discussions between the Executive Director and J.C. Decaux any of the site proves improbable, the Executive Director is hereby authorized to modify the locations to accommodate the placement of the Decaux facilities.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of May 23, 1995.

Secretary

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

February 24, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie G. Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Fiscal Year 1998/99 Operating Budget

DIRECTOR'S RECOMMENDATION: Approve Resolution

The purpose of this item is to ask the Commission to approve the proposed Fiscal Year 1998/99 budget. Following Commission approval, the budget will then be reviewed by the Mayor's Office. The Mayor will submit his budget to the Board of Supervisors by June 1, and the Board's final budget consideration will be on or before August 27, 1998.

The proposed Fiscal Year 1998/99 Operating Budget is summarized as follows:

	1997/98	1998/99	Increase/ (Decrease)	Percent
Revenue	$36,857,712	$38,917,700	$2,059,988	6%
Expense	36,587,245	38,566,514	1,979,269	5%
Surplus	$270,467	$351,186	$80,719	30%

THIS PRINT COVERS CALENDAR ITEM NO. 8A

Revenue

The proposed revenue budget of $38.9 million for FY 98/99 is a $2.1 million increase (6%) over the prior fiscal year. Projected revenues for FY 98/99 are as follows:

	1997/98	1998/99	Increase/ (Decrease)	Percent
Cargo	$1,536,000	$1,883,000	$347,000	23%
Ship Repair	987,000	1,200,000	213,000	22%
Harbor Services	700,000	811,000	111,000	16%
Cruise	725,700	350,700	(375,000)	(52%)
Other Marine	549,000	727,000	178,000	32%
Commercial/Industrial	23,777,000	25,716,000	1,939,000	8%
Parking	4,624,000	4,212,000	(412,000)	(9%)
Fishing	1,251,600	1,424,000	172,400	14%
Power	719,000	0	(719,000)	(100%)
Filming	150,000	175,000	25,000	17%
Special Events	75,000	95,000	20,000	27%
Miscellaneous	50,000	50,000	0	0%
Facilities & Operations	170,000	255,000	85,000	50%
Finance & Administration	1,543,000	2,019,000	475,588	31%
Total	$36,857,712	$38,917,700	$2,059,988	6%

The major changes in the FY 98/99 revenue budget over the prior fiscal year are in Cargo, Ship Repair, Cruise, Other Marine, Commercial and Industrial Rent, Parking, Power, Facilities & Operations, and Finance & Administration as a result of the following:

- Cargo revenue is projected to increase $347,000 (23%) primarily from additional rent revenue ($400,000) anticipated from Marine Terminals Corporation (MTC) at Pier 80. Effective January 1, 1998 cargo operations were moved from Pier 94/96 and Pier 27 to Pier 80, with MTC as the new terminal operator;

- Ship Repair revenue is projected to increase $213,000 (22%) as a result of S.F. Drydock percentage rent overage estimates based on their projected sales for FY 98/99;

- Cruise revenue is projected to decrease $375,000 (52%) primarily because two cruise lines have withdrawn their Alaska/Summer homeported vessels for one year. The FY 98/99 budget assumes 25 cruise calls vs. 50 in the FY 97/98 budget;

- Other Marine revenue is projected to increase $178,000 (32%) primarily because of the shift in revenue category for idle ship dockage from Cargo to Other Marine;

- Commercial and Industrial Rent is projected to increase $1,939,000 (8%) primarily due to new leasing activity, as well as increases in tenant retail sales;

- Parking is projected to decrease by $412,000 (9%). This decrease assumes that the Mid-Embarcadero Transportation Project will commence construction in April 1998, reducing the number of the Port's parking meters and stalls. The FY 97/98 budget reflected six months of impact due to this project. The FY 98/99 estimate reflects the full 12-month impact;

- Power is projected to decrease $719,000 (100%). Power revenue from tenant meters is now collected directly by Hetch Hetchy Water and Power. This revenue reduction is offset by a reduction in expense ($595,000) for Port Tenant sub-meters;

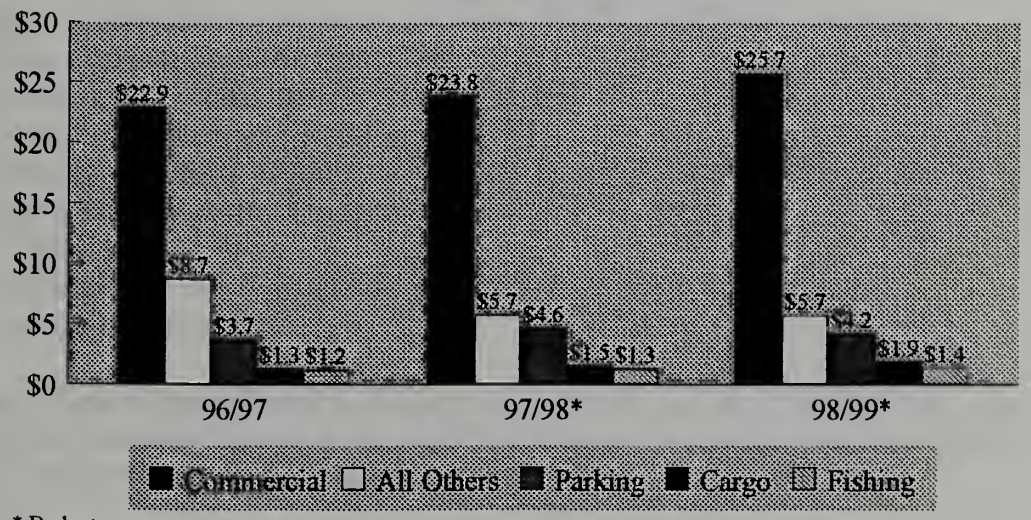
- Facilities & Operations is projected to increase $85,000 (50%) primarily due to a new work order with the Municipal Railway (MUNI) for labor and materials to repair roofs, fences and rolling doors;

- Finance & Administration is projected to increase $475,588 (31%) based on current year actuals to date.

Revenue for a three year period is as follows:

Revenue
FY 96/97 - FY 98/99

(In Millions)



* Budget

Expense

The proposed FY 98/99 expense budget of $38.6 million is a $2.0 million increase (5%) over the prior fiscal year. The expense summary for FY 98/99 is as follows:

	1997/98	1998/99	Increase/ (Decrease)	Percent
Salaries & Benefits	$15,620,258	$17,032,706	$1,412,448	9%
City-wide Overhead	683,420	705,973	22,553	3%
Other Current Expenses	3,594,767	3,187,294	(407,473)	(11%)
Materials & Supplies	1,175,907	1,263,505	87,598	7%
Fixed Charges	290,115	581,147	291,032	100%
Capital Outlay	606,252	641,375	35,123	6%
Facilities Maintenance	357,000	378,750	21,750	6%
Debt Service	8,711,841	9,069,616	357,775	4%
Insurance	600,000	650,000	50,000	8%
City Attorney	1,076,800	1,188,620	111,820	10%
Fire Protection	1,182,717	1,213,534	30,817	3%
Workers Compensation	365,553	325,000	(40,553)	(11%)
Light, Heat & Power	816,000	944,000	128,000	16%
All Other Work Orders	1,256,615	1,134,994	(121,621)	(10%)
Revenue Transfer - DPT	250,000	250,000	0	0%
Total	$36,587,245	$38,556,514	$1,979,269	5%

The major changes in the FY 98/99 expense budget over the prior fiscal year are in Salaries & Benefits, Other Current Expenses, Fixed Charges, and Services of Other Departments as a result of the following:

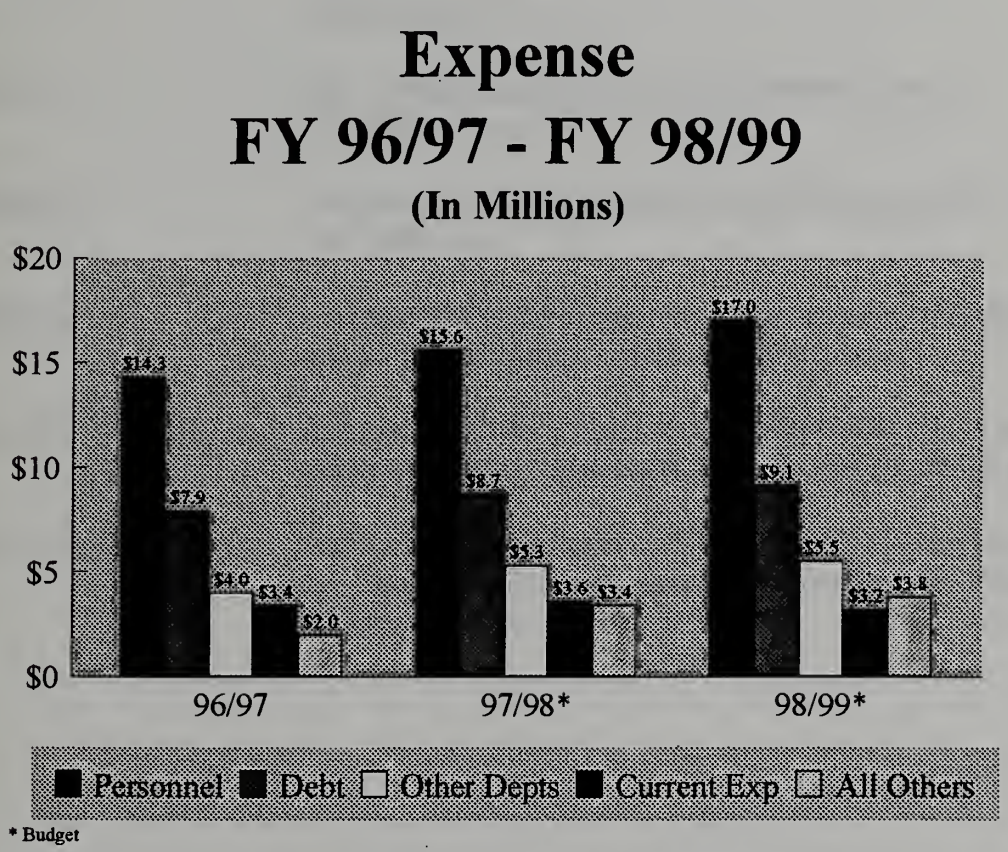
- Salaries & Benefits are projected to increase $1,412,448 (9%) as a result of:
  - Five (5) new positions: $351,248
  - Sixteen (16) reclassified positions: $76,651
  - Two (2) position substitutions: $13,791
  - Two (2) funded positions that were previously unfunded: $124,246
  - Temporary Salaries: $23,823
  - Overtime: $47,664
  - Adjustments: MOU, step, etc.: $447,442
  - Fringe Benefits: $327,583;

- Other Current Expenses are projected to decrease $407,473 (11%) primarily due to a $595,000 decrease in utilities expense that is a result of the transfer of Port tenant electricity service to Hetch Hetchy Water & Power;

- Fixed Charges are projected to increase $291,032 (100%) primarily as a result of property taxes on the Western Pacific site the Port leases from the Catellus Corporation ($238,300), as well as the payment of possessory interest taxes on the Mission Bay Wetlands property ($40,347);

- Services of Other Departments are projected to change significantly in the following areas:
  - City Attorney is projected to increase by $111,820 (10%) due to additional personnel assigned to the Port, as well as cost of living adjustments;
  - Light, Heat & Power is projected to increase $128,000 (16%) based on actual usage;
  - Police Security is projected to decrease by $82,700 (48%) as the FY 97/98 budget included an increase in service that subsequently did not occur. The FY 98/99 budget is adjusted to reflect this decision.

Expense for a three year period is as follows:



The Commission is requested to adopt the budget and to authorize the Executive Director to make non-material changes to the annual operating budget as may be necessary. Non-material changes are generally technical adjustments to the budget, not policy changes. Examples of non-material changes would be updates to the budget for salaries and fringe benefits as City-wide MOU's are finalized or adjustments to work order amounts with other City departments as cost estimates are finalized. Once the Mayor's Office and the Board of Supervisors finalize the budget, staff will present the adopted budget, detailing all changes made by staff, the Mayor and the Board.

Prepared by: Benjamin A. Kutnick

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-17

WHEREAS,	staff has developed a Fiscal Year 1998/99 operating budget; and
WHEREAS,	the operating budget includes projected revenues of $38,917,700; and
WHEREAS,	the operating budget includes projected expenses of $38,566,514; and
WHEREAS,	the operating budget includes a projected surplus of $351,186; and
WHEREAS,	the operating budget must also be approved by the Mayor and the Board of Supervisors; therefore, be it
RESOLVED,	that the Port Commission approves the Fiscal Year 1998/99 operating budget as presented by staff; and be it further
RESOLVED,	that the Port Commission authorizes the Executive Director to make non-material changes to the operating budget as may be necessary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of February 24, 1998.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

FEBRUARY 24, 1998
MINUTES OF THE MEETING

DOCUMENTS DEPT.

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HON. JAMES HERMAN

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
FEBRUARY 24, 1998

1. ROLL CALL

The meeting was called to order by Port Commission President Denise McCarthy at 4:05 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Frankie Lee and James Herman.

2. APPROVAL OF MINUTES – February 10, 1998 Meeting

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Executive Director Wong reported the following:

(1) The Port issued a Request for Qualifications for development firms who are interested in rehabilitating Pier 1 for maritime office and other related uses. The responses were due February 17th. The Port received responses from four capable development teams with strong credentials. Port staff is reviewing the materials that were submitted. Fei Tsen, Director of Real Estate and Asset Management, will assemble a selection panel (comprising of Port and City staff) to evaluate the responses. Port staff will keep the Port Commission informed through briefings and executive sessions. The tentative schedule is to conduct briefings for individual Commissioners by early next week on both the process of selection and the content of the responses. Staff will update the Commission on the status of the evaluation during its executive session at the March 10th Commission meeting. It is staff's hope to recommend action to the Commission by the end of March or early April to enter into exclusive negotiations with a selected developer on the lease and development of Pier 1. Staff is extremely encouraged by the quality of the responses and is taking steps to ensure that the evaluation process is fair and thorough. Mr. Wong noted that this is an exciting project and staff is looking forward to selecting a developer and moving forward with the project.

(2) On February 19, 1998, the Pier 98 Wetlands Restoration project received a $500,000 grant from the California State Coastal Conservancy. The Conservancy cited this as an important project for restoring wetlands in the

San Francisco Bay Area. Additionally, the residents of the area will benefit from open space for recreation and education purposes. At the February 19th meeting, two members of the Hunter's Point/Bay View area presented their support for the project. Mr. Wong commended Carol Bach, Project Manager and Veronica Sanchez, Governmental Affairs Manager, for their work in applying for and obtaining the grant for the project.

(3) In cooperation with the Mayor's Office of Emergency Services, the Mayor's Office of Homeless Affairs, the Department of Human Services, the Department of Public Health and the City Administrator's Office, the Port has entered into a four-month memorandum of understanding with the Department of Public Health for the use of a 30,000 square feet of transit shed at the corner of Third Street and Mission Rock Street on Seawall Lot 337 for a temporary shelter and clinic for the homeless.

The Department of Public Health will pay the Port $60,000 for the four-month period and will be responsible for all costs including expenditures made by the Port to make the facility ready for the homeless who will utilize this much needed shelter. The shelter will be open this Wednesday or Thursday. The Port Maintenance staff deserves high praise for rapidly responding to the facility's need for roof and plumbing repairs and the general clean-up of the building and yard area. The Chemical Awareness and Treatment Services, Inc. pursuant to a contract with the Department of Public Health will operate the homeless shelter and clinic.

(4) In the Port's efforts to get cruise lines to call in San Francisco, staff is aggressively promoting sailing out of San Francisco to City employees. Last Tuesday, 30,000 flyers, promoting a five-day cruise aboard Norwegian Cruise Lines (NCL) to Seattle, Victoria and Vancouver, were sent out with the paychecks to City employees. You and Leisure Travel, a Port tenant, is packaging the tour for $549.00 per person which includes airfare from Vancouver.

Gerry Roybal, the Port's cruise marketing representative, will be meeting with NCL next week when he attends SEATRADE, the national cruise show and hope that our efforts will get NCL to consider calling in San Francisco beyond the two times a year when their ship is en route to or from Alaska.

Commissioner McCarthy indicated that the Commission is delighted that the Port is making available some of its property for temporary homeless shelter.

4. MARITIME

A. Approval of Exclusive Right to Negotiate with RMC Lonestar for the lease of a site located at Pier 90/92 for use as a bulk cargo terminal and concrete ready-mix facility. (Resolution No. 98-24)

Mr. Peter Dailey, Director of Maritime, indicated that RMC Lonestar is a subsidiary of the RMC Group, a British multinational public company and the largest producer of concrete in the world, employing over 30,000 people worldwide. Lonestar currently operates 41 ready-mix, sand and gravel facilities in 19 Northern California counties. Since 1978, Lonestar has also operated a maritime terminal and batching facility at the Port of Redwood City. Additionally, RMC is one of the leading marine aggregate operators in the world with a fleet of ten vessels. Bulk building materials were identified in a Port-cargo marketing analysis last year as a cargo that the Port of San Francisco would, for once, have a geographic advantage and it is a targeted cargo in this year's cargo shipping marketing plan. The recent booming of construction in the Bay Area with projects such as the Giants Pac Bell Park, airport expansion, possible new 49ers stadium, to name a few, have created situations where demand for cement construction aggregate will outweigh supply. Local quarries are not going to be able to keep up with demand.

Lonestar has approached the Port with a proposal to lease up to 225,000 square feet of open land and wharf space, including 21 of the 63 silos at the Port's Bulk Cargo Elevator Terminal at Pier 90, for use as a maritime bulk cargo terminal and concrete ready-mix facility. Lonestar will use the 536 linear feet of wharf space at Pier 90 on a non-exclusive basis. Lonestar estimates they could receive as much as 300,000 tons of cargo annually by barge or by ship. The Pier 90 site has been vacant over ten years. The most recent use was a grain export business. RMC anticipates investing over $5 million in fixtures and equipment and in structural and infrastructure improvements to the facility.

Lonestar proposes to retrofit 21 silos of the existing grain elevator terminal, to handle and store cement and aggregate products from ships, barges, trucks and trains to support the operation of a concrete ready-mix plant. A major component of Lonestar's plan is to construct a new conveyor system, which will unload bulk aggregate materials from barges and ships. The aggregate would then be moved by the conveyor system to a bank of existing on-site silos for storage. Lonestar also proposes to deliver cement to the site by rail, thus re-activating regular rail service to the facility. In addition to the lease revenues that the Port will receive, it will also be assessing wharfage and dockage charges per Port Tariff No. 4.

Fei Tsen, Director of Real Estate and Asset Management, described the proposed lease terms and conditions. Ms. Tsen indicated that the Maritime and Real Estate divisions have worked in concert to negotiate the lease terms to attract Lonestar to come to the Port. Lonestar is currently located within Mission Bay and would need to move its facilities as construction of Mission Bay progresses. The Mayor's office requested that Port staff identify possible sites for the relocation of Lonestar and Kaiser. Port staff has proposed this site at Pier 90, which meets the operating needs of Lonestar.

Pier 90 has remained unleased for over ten years despite marketing efforts by Port

staff. Staff has been seeking bona fide maritime uses that can invest significant capital to retrofit the silos and perform infrastructure improvements. The Port has many other sites at Pier 90/92 and other locations should maritime users be interested in these opportunities. As an enterprise entity, the Port has been actively seeking maritime users and to encourage them to locate on Port property. When such users are identified, the Port actively enters into discussions on lease terms that are specific and attractive to the identified users but which meet the Port's parameter rents. These opportunities, however, are infeasible and impractical to bid. It has been a long-standing Port policy that staff can negotiate the maritime leases without competitive bids when competitive bid is impractical.

This exclusive right to negotiate will provide Lonestar with the time needed to secure the governmental permits and regulatory approvals that must be in place prior to Lonestar entering into a formal lease agreement with the Port. No lease approval will occur until completion of environmental review of the project to the extent required by the California Environmental Quality Act (CEQA) and other regulations.

The terms of the exclusive right to negotiate and the basic terms of the proposed lease agreement are as follows:

- The exclusive negotiation period is six months.
- The commencement date of negotiating period is upon Commission's approval.
- Termination date of negotiating period will be six months from approval.
- Exclusive right fee is $67,460.
- Options to extend negotiating period would be six-option periods of one month each.
- The option fee for each option period is $33,730.
- During the negotiating period, Lonestar will secure all permits and regulatory approvals required to operate a bulk cargo terminal and concrete ready-mix facility.
- The premises will be approximately 5.16 acres (225,000 sq. ft. – final square footage to be determined and subject to measurement by Port) of open land and approximately 536 linear feet of wharf for non-exclusive but preferred berth assignment, located at Pier 90.
- The use is for the construction and operation of a concrete ready-mix plant including: general administrative and maintenance uses directly related thereto, the shipping, receiving, storage and handling of construction materials, delivery and shipment by ship barge, rail and truck, and for no other purpose.
- The term is for ten years, with four 5-year options.
- The base rent is $0.18 per sq. ft. per month, with annual cost of living (CPI) increases. The base rent shall be adjusted to market rent every five years.
- The Port cannot commit to provide the Tenant with a clean site. However, the Port will agree to offer rent credits to the Tenant for remediation of toxic soil.
- Rent credits for toxic soil remediation will be granted by Port at a rate equal to $.03 per square feet per month, over the initial term of the lease.

- The Tenant will be responsible for any required infrastructure modifications or improvements including: roads, water, sanitary and storm sewers. It is estimated that Lonestar will invest $5 million to invest in the silos and infrastructure needed for their use and there will be no rent credits for this investment.
- The premises will be accepted by the Tenant in its "as is" condition. All work to the Premises shall be conducted by Tenant at its sole cost and expense. All improvements shall be subject to the approval of the Port and shall require a building permit from the Port.

The Port will receive the following benefits from the proposed transaction:

- It will provide for an upgrade of portions of the grain elevator terminal and silos, which have been vacant for over 10 years. This will re-establish Pier 90 as a functioning maritime bulk cargo facility.
- It will facilitate the growth and expansion of bulk cargo market (cement, sand, gravel and other aggregate materials), that has been identified and targeted in the Port's Maritime Marketing Plan.
- It will facilitate the relocation of the concrete ready-mix facility from the Catellus Mission Bay Development Project to a Port facility, which will enable a business that has been operating for over 80 years in San Francisco to remain in the City.
- It will reactivate regular rail service to the facility.
- It is an acceptable and encouraged use of the site under the Seaport Plan, the Waterfront Land Use Plan and the San Francisco Planning Code.
- It will benefit local businesses and construction projects by providing construction materials through a local high capacity ready-mix facility.
- The rental income is expected to equal approximately $404,000.

ACTION: Commissioner Lee moved approval; Commissioner McCarthy seconded the motion.

Commissioner Lee requested to hear public comments first. Commissioner McCarthy reminded the speakers that they have three minutes to comment on the item and suggested that they not repeat other speakers' comments.

Charlie Walker, Bayview Hunter's Point CAC member, stated that about three months ago, the Bayview Hunter's Point learned that the Port intends to put a wetland habitat in their community without their knowledge. Prior to that a cogeneration plant was being contemplated and they fought for two years to keep the electric plant from their community and now, Lonestar operation. He indicated that there were no discussions/conversations with their community regarding this matter. There is also talk about putting a light rail on Third Street, which would make traffic horrendous in the area. He hopes that someone from the Port could come up with some type of development in their area that could possibly include (1) employment for people in the community and (2) the traffic problem is addressed.

Without any communication with the people in the community, this project could turn into a real serious problem. He urged the Commission to not make any decision at this time because it does not seem to serve anyone's interest but Lonestar. He asked the Commission not to move forward with Lonestar until it is made clear that they are: (1) going to develop more in the area; (2) going to do something about the infrastructure; and (2) going to do something with the traffic. They would like to see something more concrete and not a piece meal situation. It's Lonestar today, it's Dow Chemical tomorrow. He does not understand how the Commission can go into an exclusive right to negotiate with Lonestar without community participation.

Tony Gschwend spoke on behalf of Bay Mat LLC. He indicated that a few months ago, they held a pre-proposal meeting with members of Port staff regarding the use and reuse of Pier 90/92. As a result, on October 1, 1997, a comprehensive written proposal was submitted for Port staff's preliminary analysis, which is for an exclusive right to negotiate a master lease for Piers 90/92. On November 20, 1997, he appeared before the Commission to speak on a new business item regarding their proposal. Since that time, they have not had any substantive follow-up meeting with Port staff to review issues contained in the proposal. There have only been brief letters exchanged with staff. The RMC Lonestar proposal does fit within the context of the larger Bay Mat proposal. Lonestar's proposal, as it stands, is a piece-meal proposal. It is not a comprehensive approach. If the Commission have the opportunity to review the Bay Mat LLC proposal for the Pier 90/92 area, the Commission will find it visionary, comprehensive and it includes numerous pluses for the Port and the City and County of San Francisco as well as the community. In terms of infrastructure, Bay Mat's proposal moves forward with approximately $51,000 worth of improvements that includes upgrading the wharf and rail facilities. By upgrading the rail and wharf facilities, it would take a majority of the material flow off the City streets as well as the freeways and the Bay Bridge. Their proposal will provide approximately 1800 new jobs and create a guaranteed maritime component. This, however, is not covered in the Lonestar proposal. There is a reference to maritime component but there is no guarantee.

The following materials would be imported on the guaranteed component of Bay Mat's proposal: 200,000 tons of imported cement, approximately five ships per year; 140,000 tons of imported aggregate; and 100,000 tons of imported steel. They will be exporting about 80,000 tons of cement, 160,000 tons of aggregate, and approximately 100,000 of steel. They will definitely go through an environmental process. They will also deal with all the parameters that Mr. Charlie Walker spoke to and all other laws regarding CEQA. They will create opportunities for local and small businesses.

Martin Lee yields his speaking time to Tony Gschwend. Phil Gatine yields his time to Jay Bosley.

Jay Bosley, Operating Engineers, supports the Pier 90 project in principle.

However, he indicated that the proposal seems piece-meal. They feel that perhaps a more comprehensive approach, which includes Lonestar's participation, would be in the best interest of the community, the working people and the waterfront.

Christine Langland, ILWU Local 10, indicated that she's not aware of either company. She has not seen any of the proposals, therefore, does not have any of the facts. She inquired about the jobs the project would create and to whom it would be given. Commissioner McCarthy indicated that the Commission would take notes of her concerns and have staff get back to her.

Henry Graham, ILWU, yields his time to Clarence Thomas.

Fred Pecker, an executive board member of the ILWU, Local 6, indicated that the waterfront is where their union started. They are concerned about the trend that has developed in San Francisco and around the country. The waterfront is turning into a leisure park rather than a working area. They are concerned that the area along the Embarcadero, which was once industrial, is no longer. Aside from certain piers, they want to ensure that the piers are reserved for maritime use. They want to ensure that there is comprehensive planning which points out the need for warehouse space adjacent to the piers. Giving exclusive lease to a company that has not addressed those issues, unless they are working in conjunction with other groups, is shortsighted. He asked the Commission to turn down this request at this time and ensure that the community is part of the overall decision. He asked the Commission to ensure that the jobs reach the community and local unions in order to create more than just a cement plant but a working waterfront which offers San Franciscans the ability to make a decent living and decent work.

Mr. Clarence Thomas, executive board, ILWU Local 10, spoke against the motion. One of his primary concerns is that to date, the ILWU has not seen a delineated component of Lonestar relative to the use of maritime labor, specifically the ILWU. They understand that this kind of job will be brought in by rail. They are a maritime labor entity and this will cost them jobs. They believe that having concrete brought in by barges and ships is a great advantage to their industry. However, there is a lack of coordination between Lonestar and their union. He emphasized the importance of the consulting with the community and that these issues should be taken into consideration before a decision is made.

Mr. Dailey introduced Eric Woodhouse of Lonestar to address the union concerns, their affiliations and current operations.

Mr. Eric Woodhouse, Executive Vice President of RMC Lonestar, concurred that they have not had an opportunity to discuss their plans with the longshoremen representatives. However, he reassured them that their plans, with regard to Pier 90/92, do include using the union. Lonestar is a union company and they have approximately 600 union employees in No. California including teamsters, laborers and operating engineers. Longshoremen are utilized in their operation at Redwood

City. They would certainly be included in their plans at the Port of San Francisco. Since this project is in the planning stage, they cannot meaningfully discuss their plans in detail. He emphasized that this is a great opportunity for the City as well as their company to continue a relationship which has existed for over 8 years. He urged the Commission to vote for it.

Commissioner Lee indicated that he is concerned about the comments raised by the speakers. He, too, shares the same concerns, specifically, the union issue. Mr. Woodhouse reiterated that they couldn't discuss the details with the union because they don't have the exclusive right to negotiate.

Commissioner Lee inquired what part of the pier is being leased out, what's available for future maritime use and whether this project would preclude other maritime use at the site. Mr. Dailey replied that the portion that staff anticipates leasing for Lonestar operation is about 536 linear feet of wharf space on a non-exclusive basis. If Lonestar is not utilizing the space, the Port has the right to bring another ship in. Other wharf space along parts of Pier 92 can be leased out and can receive bulk and exports. The RMC deal is anticipated as a non-exclusive use but a preferential use. This operation does not preclude any body from taking this property and receiving cargo from that site.

Commissioner Lee alluded to Mr. Charlie Walker's comments regarding the possibility of traffic congestion. Ms. Tsen reiterated that this item is an exclusive right to negotiate; it is not a lease agreement approval. One of the issues that Lonestar has to address is the impact from the environmental standpoint. Lonestar will have to go through the environmental process. Traffic impacts will be addressed. She noted that Pier 90/92 and 94/96 are not working at capacity. There are far less traffic there than what those areas used to have when they were fully operational as a maritime facility. Staff would like to restore a working waterfront where the industrial uses are retained.

Mr. Harry Reppert, Director of Environmental Affairs for RMC, indicated that the City Planning's Office of Environmental Review performs the CEQA review for this project. Lonestar has submitted the initial information to the department and they are in the process of working on it. They have also applied for transportation review at City Planning's Office of Environmental Review of Transportation. All of the work is in process to satisfy the CEQA process with the City Planning Department.

Commissioner Lee asked when that process will take place. Mr. Reppert stated that they have taken the initiative to get the process going. They have submitted the application on January 16 and it was just recently assigned a case. Planning staff is now beginning to work on it, in advance of the Port Commission's approval. The environmental review is a public process as well. There is opportunity for public input.

Commissioner Lee indicated that the Commission would have to approve the request for the exclusive right to negotiate with Lonestar. He asked if the agreement will be brought back to the Commission for their approval. Ms. Tsen replied that after Lonestar goes through the environmental process, the lease terms will be worked out and the Commission will indeed have the opportunity to review and approve the agreement.

Commissioner Lee reiterated the union issue. Ms. Tsen indicated that ILWU labor would be employed. Commissioner asked for a guarantee from the President of Lonestar. Mr. Woodhouse indicated that they are a union shop. They employ longshoremen worker at their facility in Redwood City and they intend to use longshoremen for the workers in this facility.

Mr. Henry Graham, ILWU business agent, stated that they have had long discussion with Bay Mat. Their plan seems to be more stable and more beneficial to ILWU and the community at large. They have not had an input with Lonestar. Commissioner Lee interjected and indicated that this item is regarding Lonestar, not Bay Mat. He inquired if there any complaints with regard to union labor utilization or practice. Mr. Graham indicated that they have no indication whether this company will use union labor. They however use Local 10 ILWU labor in Redwood City but they have not been approached on this matter.

Mr. Peter Dailey indicated that RMC Lonestar is a marine terminal operator at the Port of Redwood City for 20 years. They are one of the world's largest operators and transporters of building aggregate in the world. Materials are being brought in by ship and by barge. This is actual business happening right now. He spoke with his counterparts in Redwood City and they have nothing but good things to say about Lonestar's operation. There have been no labor disputes on the maritime side. This is cargo business that the Port of San Francisco can advantage of. He believes this is a good deal for the Port.

Commissioner McCarthy indicated that the speakers are talking about two different proposals. A larger issue exists as to what would happen to the entire pier in terms of development. At this point, however, the aforementioned issues have to be worked out before this item can be voted on.

ACTION: Commissioner McCarthy moved approval to continue this item to the next meeting. Commissioner Lee seconded the motion. Three of the Commissioners were in favor; Commissioners Brandon and Hardeman cast the dissenting votes.

5. REAL ESTATE AND ASSET MANAGEMENT

A. Approval of Resolution No. 98-14 rescinding Port Commission Resolution No. 97-82 which rescinded Resolution No. 94-20 as it related to previous direction to issue an RFP for curb space use permits for Horse Drawn Carriages. (Resolution 98-14)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that Resolution No. 98-14 and Resolution 98-25 are primarily housekeeping items to clarify the actions that the Commission took on October 22, 1997 to rescind Resolution No. 94-20. Resolution No. 94-20 directed staff to issue a Request for Proposals for the award of horse drawn carriage, motorized cable cars and mini tour bus curb space use permits at Fisherman's Wharf. The last rescission, Resolution No. 97-82, specifically addressed horse drawn carriages but was not clear that it also applied to motorized cable cars and mini tour buses. The Sunshine Ordinance Task Force subsequently recommended that the Commission clarify that it intended to rescind Resolution No. 94-20 as it also apply to motorized cable cars and mini tour buses. To avoid any confusion, the first resolution rescinds that October 1997 action of the Commission which only referred to horse drawn carriage. The second resolution rescinds the original 1994 action, Resolution No. 94-20, as it applies to all three types of curb space use permits. These actions have no effect on existing or future contracts. Should curb space become available, Port staff will seek permission or direction prior to issuing any permits.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 98-14 was adopted.

B. Approval of Resolution No. 98-25 rescinding Port Commission Resolution No. 94-20 concerning Curb Space Use Permits for Horse Drawn Carriages, Motorized Cable Cars and Mini Tour Bus Services. (Resolution No. 98-25)

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 98-25 was adopted.

C. Approval of Resolution No. 98-21 rescinding Port Commission Resolution No. 98-13 which authorized staff to issue a Request for Proposals to lease the heavy vehicle maintenance facility and storage area at Pier 96 (at the eastern foot of Cargo Way at Jennings Street). (Resolution No. 98-21)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that this matter is being reheard at Commissioner Herman's request. Commissioner Herman has been informed that, because of an anticipated lack of a quorum, the February 10, 1998 Port Commission Meeting would be cancelled. Due to these events, a question has arisen as to whether or not the February 10th meeting was properly noticed. To resolve this issue, Commissioner Herman has requested that this item be reheard by the full Port Commission. In order to facilitate Commissioner Herman's request, it is first necessary to rescind the previously approved Port Commission Resolution which authorized the issuance of a Request for Proposals to Lease the Heavy Vehicle Maintenance Facility and Storage Area at Pier 96.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded

the motion. All of the Commissioners were in favor; Resolution No. 98-21 was adopted.

D. Authorizing staff to issue a Request for Proposals to lease the heavy vehicle maintenance facility and storage area at Pier 96 (at the eastern foot of Cargo Way at Jennings Street). (Resolution No. 98-22)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that staff is requesting approval to issue a Request for Proposals to lease the heavy vehicle maintenance facility and storage area at Pier 96. The recent transfer of cargo operations to Pier 80 has made available the vehicle maintenance facility and the adjacent paved yard space which was formerly used by SSA. Port staff believes that there may be demand for this facility by transportation and trucking firms. Staff is requesting authorization to advertise the availability of the facility for interim leasing.

Ms. Tsen indicated that there had been recent changes in the Administrative Code governing leases that require Board of Supervisors approval. Non-maritime leases that exceed $1million in revenue and have a term of years or more must be competitively bid unless impractical or infeasible. Bidding procedure is set forth in the staff report. The availability of the facility will be announced and sent to a wide range of potential users and brokers. The RFP asks for proposed rental rates and terms, financial information contained in the standard Application to Lease and an earnest money deposit. Port staff is seeking at a minimum, the rent set forth in the minimum parameter rent schedule, which is $39,578.80 a month for this facility and adjacent paved yard. The term will not exceed 10 years. The use must be consistent with the M-2 zoning classification for the area. The schedule is to issue to RFP immediately upon the Commission's approval. The responses will be due approximately a month from issuance. If there are response that merit Port consideration, staff will select the respondent, seek Port Commission approval and Board of Supervisors' approval. The schedule would be subject to change depending on the level of interest in the property and the time needed to negotiate the lease agreement with the selected respondent. She emphasized that the interim lease of the property would not restrict the Port's ability to utilize Pier 94/96 for other maritime purposes should future demand require the use of these piers. The lease for non-maritime uses can be terminated given 12-months written notice should a maritime user be found who desires to use this facility. She indicated that the facility is currently vacant. The income generated from the full rental of all of our facilities support all the capital improvements and operational requirements of the Port. These capital improvements include the dredging, roof repairs, and maintenance of the pier substructures. All of the ongoing repair maintenance is required to keep the maritime activities viable.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 98-22 was adopted.

E. Approval of amendments to Port Tariff No. 4 regarding Non-Sportfishing Trips for Hire at Fisherman's Wharf Harbor. (Resolution No. 98-18)

Mr. Kirk Bennett, Senior Port Property Manager, indicated that on May 28, 1996, the Port Commission, by Resolution No. 96-49, approved the Policy for Non-Sportfishing Trips for Hire at Fisherman's Wharf Harbor. This policy permitted fishing party boats berthed at Fisherman's Wharf Harbor to conduct Non-Sportfishing Trips for hire, subject to certain specified conditions. The policy was adopted in order to stabilize and hopefully reverse the downward trend in the number of fishing party boats operating from Fisherman's Wharf Harbor, which had decreased steadily from 37 boats in 1970 to only 9 in 1996. The policy was adopted to allow fishing party boats to supplement their income from sportfishing trips with that generated by other types of trips for hire, including tourist trips.

Adoption of this Policy was successful in retaining and expanding the number of fishing party boats at Fisherman's Wharf Harbor, and in providing another means for Fisherman's Wharf visitors to experience the Bay. However, Port staff identified a number of problems with this policy that needs to be rectified.

After several meetings with operators of fishing party boats at Fisherman's Wharf and with a two-member subcommittee of the Port Commission, Port staff recommends that the policy be amended, and that this amended policy be incorporated into Rule 34 - Terminal Tariffs, Section 8 - Fishing Industry of Port Tariff No. 4. The proposed amendments to Port Tariff No. 4 are indicated in the attachment to the staff report.

The form of this amended policy differs from the policy approved by the Port Commission by Resolution No. 96-49 in that Port staff recommends that this amended policy be codified as amendments to Port Tariff No. 4. The fundamental substantive changes proposed from the policy approved by Resolution 96-49 are as follows:

- The definition of what constitutes an "active fishing party boat" has been made less stringent in order to anticipate possible future reductions in sportfishing seasons. To qualify as an active fishing party boat, the vessel must make a sportfishing trip on a minimum of 50 days per year (as compared to 75 days per year under the existing policy).
- Non-sportfishing trips may only be conducted from Fisherman's Wharf Harbor either by an active fishing party boat or by a historic commercial fishing vessel provided, however, the historic commercial fishing vessel must be berthed in Berth Nos. 8, 9, 10 or 11 of Fisherman's Wharf Harbor. In Tariff No. 4, a "historic commercial fishing vessel" is strictly defined as "a boat that was built prior to 1940, is of original construction, was built for purposes of commercial fishing and is pertinent to the history of the Fisherman's Wharf." (Under the existing policy, only active fishing party boats may conduct such non-

sportfishing trips.)

- An active fishing party boat may carry as many passengers on non-sportfishing trips as allowed by its U.S. Coast Guard Certificate of Inspection, but in no event more than 49 passengers (as compared to a maximum of 30 passengers under the existing policy). A historical commercial fishing vessel may not carry more than six passengers. An active fishing party boat eligible to conduct non-sportfishing trips shall not exceed 55 feet in length.
- Monthly calendars of rotation shall be prepared for active fishing party boats indicating the days on which each active fishing party boat may conduct non-sportfishing tours. Only one active fishing party boat and one historic commercial fishing vessel at any time may solicit or load passengers for non-sportfishing trips.
- In addition to normal dockage fees, operators of fishing party boats and historical commercial fishing vessels shall pay the Port passenger wharfage calculated at $0.70 per passenger on non-sportfishing trips. The passenger wharfage must be paid in advance by purchasing individual wharfage tokens from the Port, which must be given by the operator to each passenger purchasing a non-sportfishing trip. No passenger wharfage shall be due for sportfishing trips. (This new provision equates to approximately 7% fee on the amount charged passengers for non-sportfishing trips, which is similar to the percentage amount paid by other operators of maritime excursions on Port property, such as Red & White Fleet, Blue & Gold Fleet, and Hornblower Yachts.)
- Berth Nos. 1-7 of Fisherman's Wharf Harbor along Jefferson Street are designated as "Preferred Fishing Party Boat Berths." In the event such a berth is permanently vacated or ownership of the vessel assigned to the berth is transferred, then the berth shall be reassigned based upon the following criteria, in order of priority:

    - To an operator of an active fishing party boat that is a berth holder at Fisherman's Wharf Harbor, but does not occupy a preferred fishing party boat berth.
    - To an operator of an active fishing party boat occupying another preferred fishing party boat berth.
    - To a transferee of the vessel assigned to the berth.
    - To an operator of an active fishing party boat that is not a berth holder at Fisherman's Wharf Harbor.

  Mr. Bennett noted that a vessel shall not be deemed to have permanently vacated such a berth if the berth holder acquires a replacement vessel to operate from the berth. A transfer shall not be deemed to have occurred if the sale is to a member of the berth holder's immediate family. However, a transfer shall be deemed to have occurred if the berth holder or a member of the berth holder's immediate family is not on-board the vessel during at least 50% of non-sportfishing trips.
- Vessel operators shall only solicit customers from the waterside of the fence adjacent to the vessel berths. Voice solicitation shall not be audible beyond the

sidewalk adjacent to the vessel berth; i.e., no "barking." Except for approved signs, no personal property, such as chairs and fishing gear, shall be placed or stored on or about the berths.

As a result of Port staff and operators having a productive discussion, a number of their concerns were addressed and they thought this policy is fair and supports incorporating it into the tariff.

Commissioner Lee indicated that this is an improvement of what the subcommittee discussed in the meeting and noted that the basic agreement remains the same. Mr. Bennett concurred and indicated that this is a fair solution to the operators' concerns. Commissioner Hardeman indicated that their main concern was to maintain the long-term tenant's livelihood and to reduce the number of days for sportfishing trips. The subcommittee requested staff to negotiate the fairest deal they feel comfortable with and the end result seems to be acceptable to all.

Phil Bentivegna, owner of Butchie "B", thanked Kirk Bennett for all his work, Doug Wong and the Port Commission for their support.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 98-18 was adopted.

F. Adoption of environmental findings (and a statement of overriding considerations) pursuant to the California Environmental Quality Act and State Guidelines in connection with certain documents relating to the conveyance of land to the regents of the University of California to be developed for university purposes. (Resolution No. 98-19)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that the purpose of Resolution 98-20 is for the Port Commission to take certain actions necessary to donate an approximately 0.57 acres site located on 6th Street at 16th and Minnesota Streets to the Regents of the University of California for expansion of the University of California at San Francisco facilities. She noted that on the staff report the site should have been 0.57 acres, instead of 0.85 acres. Copies of the revised staff report noting the change has been provided by the Commission Secretary. In addition, the last sentence of the first paragraph on page 2 of the memorandum should read ... the street will be vacated prior to construction of the university's improvements.

The donation of the Port property would be accomplished in conjunction with donations of approximately 3.64 acres by Catellus Development Corporation and 1.34 acres of streets (including the 0.57 acres of Port property) by the City. The resolutions will authorized the executive director to enter into a public trust agreement lifting the public trust from the Port property and to enter into a donation agreement with UCSF to donate that property with UC's expansion campus. In

order to take this action, The Port needs to comply with the California Environmental Quality Act, which is the subject of Resolution No. 98-19. Ms. Tsen noted that the Commission was provided a copy of a memorandum from Hillary Gitelman, the Planning Department's Environmental Review Officer, regarding this item.

Hillary Gitelman followed up on the memorandum sent to the Commission regarding the UCSF's LRDP FEIR. The LRDP FEIR is not about all development in Mission Bay or development on Port property. It is specific to the university's plans to create a new campus in the Mission Bay area. The Commission also received a copy of a memorandum explaining that the university is considered the "lead agency" under CEQA. Because UCSF is the lead agency, the City & County of San Francisco is the responsible agency, which means that CEQA provides for use of the university's EIR in making their decisions as long as they make certain findings. It is important to note that the City's actions are actually limited in this case and the development that would facilitate is also limited. For these reasons and based on the analysis, the resolution concludes that the UCSF EIR adequately analyzes the potential impacts of the City's actions in the development they will facilitate. The findings discussed mitigation measures within the City's jurisdiction and include that there are no mitigation measures within the Port's jurisdiction. The Port's findings state that the mitigation measures would be monitored by the Planning Department and Redevelopment Agency in the context of other larger development projects. The Port's findings do not set forward the standard mitigation monitoring program. Instead the findings discussed implementation of monitoring of mitigation measures as part of ongoing study and review in the City. The ongoing review is for other development project such as the Mission Bay project and the Candlestick Point proposed development project.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 98-19 was adopted.

Approval of an Agreement releasing from the Burton Act and the public trust certain Port real property located along 6th Street at 16th and Minnesota Streets, authorizing the Executive Director to take such actions as are necessary to donate such property to the Regents of the University of California, and finding that such donation is authorized by and consistent with the provisions of Chapter 1143 of the Statutes of 1991, as amended (Resolution No. 98-20)

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 98-20 was adopted.

6. FACILITIES & OPERATIONS

7. PLANNING & DEVELOPMENT

A. Approval of temporary and permanent DeCaux kiosk locations resulting from construction of the Mid-Embarcadero Roadway Project. (Resolution No. 98-23)

Mr. Dan Hodapp, Project Coordinator, indicated that on April 1994, the Port Commission and the City and County of San Francisco entered into a contract with the J.C. Decaux Company to install public toilets and advertising kiosks within Port jurisdiction. Two kiosks located in front of the Ferry Building will be moved for approximately two years to allow for construction of the roadway and the plaza in front of the Ferry Building. The temporary locations for kiosks are proposed for the southwest corner of Bay Street and the Embarcadero and the northwest corner of Broadway Street and the Embarcadero. The permanent locations would be located: (1) in the central plaza, two feet west of the northbound travel lanes and approximately 45 feet south of the central crosswalk; (2) in the central plaza, seven feet east of the southbound travel lanes and approximately fifteen feet north of the crosswalk that aligns with the southern end of the Ferry Building.

Public notices were sent out in compliance with the Department of Public Works Order No. 169,739 to all property owners within 150-ft. radius of the proposed temporary locations.

Commissioner McCarthy inquired why both of the kiosks will be located on the south side of the Ferry Building. Mr. Hodapp replied that the kiosks have to be visible from pedestrian and vehicular traffic. The kiosks have to fit in between the traffic lanes and the Muni boarding ramps.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 98-23 was adopted.

8. FINANCE & ADMINISTRATION

A. Approval of the 1998/1999 Operating Budget. (Resolution No. 98-17)

Mr. Ben Kutnick, Director of Finance and Administration, indicated that this item was presented at the last meeting for Commission's review and it is now before the Commission for final approval. He indicated that the proposed revenue budget increased by $2.1 million; the expense budget increased by $1.9 million.

Commissioner McCarthy indicated that five new positions are being proposed in the budget. If the Port is going to meet the demands on future projects and developments, she believes that filling the positions is a priority. She indicated that the Commission would be happy to assist staff to obtain City approvals.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 98-17 was adopted.

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Commissioner Brandon voiced her concern about the Port's compliance with the San Francisco Administrative Code Chapter 12D. It is her understanding that, with respect to both construction and professional services contracts, the Port does not meet HRC's published MBE/WBE participation goals. Further, the Port has zero contracts with black owned firms acting as the prime contractors. She was alarmed that the Port has not met the goals. To address these concerns, she requested that this matter be placed on the March 10th Commission agenda. At that meeting, the Commission would like to hear the following:

- A report by staff on the Port's contracting statistics with MBE/WBE firms over the past two years and a presentation on the Port's outreach efforts to the minority community.
- A report by HRC addressing the Port's compliance with Chapter 12D and recommendations for improved outreach by the Port; and
- An opportunity for public testimony from the minority community concerning their contracting experiences with the Port and their opinion of the Port's outreach efforts.

Commissioner McCarthy requested the Executive Director to calendar this item for the March 10th meeting at which time staff should be prepared to address the issues Commissioner Brandon raised. As well, Commissioner McCarthy requested that an HRC representative attend the meeting.

Commissioner Brandon stated that after reviewing the Port's leasing policy, she is concerned that a lot of the Commission's responsibilities appear to have been delegated to staff. The policies were adopted in 1979 and do not have anything to do with today's Port. She is considering the need for the Commission to form a special subcommittee to review and possibly propose revisions to the policies. She intends to review the policies in further detail and report back to the Commission on whether or not it is necessary to form a subcommittee.

Harry Jamerson indicated that the City put out a disparity study and noticed that the Port Commission did not submit theirs. He inquired as to how many contracts were awarded to African American firms by the Port. He indicated that he bid on Port jobs in the past but was not successful. He requested a copy of the Port's disparity study.

Commissioner McCarthy replied that at this point, the Commission could only listen to the speaker's testimony. She suggested that the speaker attend the next Commission meeting, at which time, this matter will be addressed.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real

Property Negotiator.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

At 5:35 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR – **This session is *closed to any non-City/Port representative*.***

a. Property: Port property located at Seawall Lot 321
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*San Francisco Public Market Collaborative: Sibella Krause

An executive session has been calendared to discuss real property negotiations between the Port and San Francisco Public Market Collaborative regarding Port property located at Seawall Lot 321. This is specifically authorized under California Government Code Section 54956.8

2) CONFERENCE WITH LEGAL COUNSEL REGARDING ANTICIPATED LITIGATION MATTERS:

a. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (2 cases).

12. RECONVENE IN OPEN SESSION

At 6:30 p.m., Commissioners McCarthy, Brandon, Hardeman, Lee and Herman returned from executive session and convened in open session.

ACTION: Commissioner Hardeman moved approval to not disclose any information discussed in the executive session; Commissioner McCarthy seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 6:32 p.m.

M Rivera
Commission Secretary

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, MARCH 10, 1998
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

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AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** – February 24, 1998 Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Approve Resolution No. 98-27 authorizing staff to issue a Request for Proposals ("RFP") for design, construction and lease of a restaurant at the southern end of the planned Rincon Park, along the Embarcadero between Folsom and Harrison Streets. (Resolution No. 98-27)

6. **FACILITIES & OPERATIONS**

   A. Informational Presentation on the Port's compliance with the San Francisco Administrative Code Chapter 12D with regard to MBE/WBE participation goals.

7. **PLANNING & DEVELOPMENT**

   A. Approval of the updated Master Agreement for federal-aid projects between the Port of San Francisco and the State of California Department of Transportation. (Resolution No. 98-26)

8. **FINANCE & ADMINISTRATION**

9. **CONSENT CALENDAR**

10. **NEW BUSINESS / PUBLIC COMMENT**

    Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New

Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Pier One
Person Negotiating:
Port of San Francisco: V. Fei Tsen, Director of Real Estate & Asset Management

An executive session has been calendared to instruct the real estate negotiator with respect to responses received for the Request for Interest and Qualifications to Master Lease and Develop Pier 1 for Maritime-Related Office Uses. This is specifically authorized under California Government Code Section 54956.8.

b. Property: Port property located at Pier 90/92
Person Negotiating:
Port of San Francisco: V. Fei Tsen, Director of Real Estate & Asset Management
*RMC Lonestar: Eric Woodhouse, Executive Vice President

Under Negotiation: ___ Price ___ Terms of Payment _✓_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and RMC Lonestar regarding Port property located Pier 90/92. This is specifically authorized under California Government Code Section 54956.8.

c. Property: Ferry Building
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development

An executive session has been calendared to instruct the real estate negotiator regarding authorization for preparation of Request for Proposal. This is specifically authorized under California Government Code Section 54956.8.

2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matters pursuant to subdivision (a) of California Government Code Section 54956.9 (2 cases)

(1) Castellino Electric v. Ronald Hitch, et.al.; San Francisco Superior Court No. 988877

(2) Nancy Smith Construction v. the Samos Restaurant, et.al.; San Francisco Superior Court No. 992001

b. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (1 case).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

PORT OF SAN FRANCISCO

MEMORANDUM

March 5, 1998

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James R. Herman
Hon. Frankie Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approve Resolution No. 98-27 Authorizing Staff to Issue a Request for Proposals for Design, Construction and Lease of a Restaurant at the Southern End of the Planned Rincon Park, along The Embarcadero between Folsom and Harrison Streets.

DIRECTOR'S RECOMMENDATION: AUTHORIZE ISSUANCE OF A REQUEST FOR PROPOSALS FOR DESIGN, CONSTRUCTION AND LEASE OF A RESTAURANT AT THE SOUTHERN END OF THE PLANNED RINCON PARK

BACKGROUND

Rincon Park will be an approximately 2.7 acre waterfront park along The Embarcadero between Howard and Harrison Streets. The Park site is located within the Rincon Point/South Beach Redevelopment Plan (the "Redevelopment Plan") project area. The original Redevelopment Plan permitted a restaurant of approximately 12,000 square feet to be located within the Park, north of Folsom Street. On January 10, 1995, the Redevelopment Agency of the City and County of San Francisco (the "Redevelopment Agency") granted a variance to the Redevelopment Plan to allow for a 12,000 square foot restaurant with an additional 8,000 square feet of outdoor support space in the southern portion of the Park, south of Folsom Street (the "Restaurant Site"). In 1995, the Port Commission and the Redevelopment Agency entered into an Agreement to Lease ("Agreement") for the Rincon Park property. As part of that Agreement, the Port and the Redevelopment Agency agreed to the following restrictions on development of the Restaurant Site:

THIS PRINT COVERS CALENDAR ITEM NO. 5A

(i) The Restaurant Site shall be used for a first-class restaurant and related facilities, or as open space of which no more than 12,000 square feet shall be used for the restaurant building. In no event shall the restaurant be operated as a fast-food restaurant.

(ii) The remaining 8,000 square feet not used for the restaurant building may be used for purposes consistent and ancillary with restaurant uses, including but not limited to exterior tables, chairs, and benches.

(iii) Port may provide parking for and driveway access to the restaurant within the Restaurant Site.

(iv) The height of the restaurant building shall not exceed approximately seventeen (17) feet from the finished grade of the Park, including any roof-top utility penthouses.

(v) The Port shall have complete discretion and control over the design of the restaurant; provided however, that any approved design shall fall within the guidelines set forth in the Redevelopment Plan as amended by Agency Resolution No. 7-95, and the design shall be submitted to the Redevelopment Agency for review and comment.

(vi) The Port shall have complete discretion and control to select the restaurant operator, provided that the operator shall have the reputation for operating a first-class restaurant.

(vii) All revenues derived by the Port from the Restaurant Site shall go exclusively to Port.

Port Commission policy requires retail leasing opportunities to be competitively bid unless impractical or impossible. Because any lease for over 10 years or $1 million will require approval by the Board of Supervisors, any lease will also be subject to Administrative Code Section 2.6.1 which requires that leases approved by the Board of Supervisors be the subject of a competitive bid process, unless impractical or impossible. In compliance with these policies, Port staff proposes to solicit proposals from qualified development teams for the design, development and operation of a new restaurant adjacent to and south of the planned Rincon Park. Selection of a development team and approval of the required lease and development document will be subject to future Port Commission action.

The Site

As shown in Exhibit A, the triangular, 20,000 square foot Restaurant Site is located to the east of the newly constructed Embarcadero Roadway, between Harrison and Folsom Streets. The Hills Plaza office and residential complex is across The Embarcadero to the west, and the Fire Boat House at Pier 22 ½ is to the east. Rincon Park will be developed to the north of the

Restaurant Site and the Embarcadero Promenade will be redeveloped along the water's edge and in front of Pier 22 ½ and Pier 24.

Bidding Procedure

Port staff would seek a qualified development team that has the demonstrated ability to finance, design, construct and operate a first class restaurant, with the goal of negotiating a ground lease and a development agreement for the Restaurant Site. Port Staff would issue a Request for Proposals package consistent with real estate industry standards. The package would include a site map, a narrative description of the opportunity, environs, site, Port development objectives, design review and other required regulatory approvals, minimum rent parameters, selection criteria, process and schedule and submittal requirements. Respondents will be required to submit an earnest money deposit of $50,000 along with responses to the RFP.

Selection

Proposals submitted to the Port would be analyzed by Port staff to select the most qualified development team. Selection criteria would include: the experience and reputation of the developer and restaurant operator, the quality and uniqueness of the restaurant concept, the financial viability of the proposal, economic return to the Port, the experience and qualifications of the design consultants, the quality of the conceptual design for the restaurant building and site, and the organization and management of the development team. Port staff would then enter into an exclusive right to negotiate agreement, during the term of which Port staff would negotiate a lease with the selected respondent, based on the Port's standard lease format. Port staff also would negotiate a lease disposition and development agreement governing, among other things, regulatory approvals, design review, and construction and financing of the project.

Regulatory Approvals

The restaurant concept is consistent with the Redevelopment Plan for the area and the Port's Waterfront Land Use Plan. In addition, the City's Office of Environmental Review has determined that no additional environmental review would be required for the restaurant project. The restaurant project would, however, require a BCDC permit and would be subject to the recently approved joint design review process between the Port and the Planning Department. The design would be reviewed for conformity with the Waterfront Design & Access Element of the Waterfront Land Use Plan. The site-specific design criteria are attached as Exhibit B.

The Port Commission would approve exclusive negotiations with the selected development team and would approve the final lease and lease disposition and development agreement for the project. Because of the proposed length of term (25 years), and the likelihood that revenues would exceed $1 million over the term of the lease, the lease would also require Board of Supervisors approval. (Administrative Code Sections 2.110 and 9.118).

The project would require a building permit from the Port.

MINIMUM PARAMETERS

Rent: Port staff would set a minimum base rent based on an appraisal of the land value of the restaurant site. The base rent would be adjusted every five years according to the Consumer Price Index. In addition, the Port would require a minimum percentage rent on gross receipts for all food, beverages, entertainment and/or merchandise. The Port will ask potential developers to submit a proposed base and percentage rent rate to meet or exceed the Port's minimum requirements. In any month in which the percentage rent did not exceed the base rent, only the base rent would be payable to the Port.

Term: The initial term of the lease would be for a maximum of 25 years. 3 five year options could be available, provided that upon each exercise of option, the base rent and percentage would be adjusted to the fair market rent for improved restaurant space for the applicable option term.

Port Commission Approval: Selection of the development team and approval of the Lease and the Lease Disposition and Development Agreement will be subject to approval by the Port Commission.

Projected RFP Schedule

Port Commission Authorization to Issue RFP	March 10, 1998
Issue RFP	March 24, 1998
Outreach and Advertising	March 24, 1998
Pre-submittal Meeting and Site Visit	April 9, 1998
Deadline for Submittals of Proposals	July 8, 1998
Recommendation to Port Commission for action approving Selected Development Team	August 25, 1998
Action by Port Commission to Approve Lease Disposition and Development Agreement and Lease with Selected Development Team	January 1999
Construction of Restaurant	Coordinated with Mid-Embarcadero Roadway Project

Prepared by: Anne Cook, Manager, Waterfront Development Projects

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION No. 98-27

WHEREAS, Charter Section 3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, the Port owns certain land located between the Embarcadero Promenade to the east and Steuart Street and The Embarcadero to the west, which lands are designated under the Rincon Point/South Beach Redevelopment Plan for use as a public park; and

WHEREAS, in 1995, the Port Commission and the Redevelopment Agency of the City and County of San Francisco entered into an Agreement to Lease ("Agreement") for the Rincon Park property, which Agreement set aside 20,000 square feet of the Park south of Folsom Street for a restaurant; and

WHEREAS the Port Commission now wishes to proceed with the development of a first class restaurant consistent with the Agreement and with the Port's Waterfront Land Use Plan; and

WHEREAS Port Commission policy encourages competitive bidding of retail opportunities, including restaurants, unless impractical or impossible; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes and directs Port staff to issue a request for proposals for design, construction and lease of the restaurant site at the southern end of the planned Rincon Park, in accordance with the terms set forth in the memorandum to Port Commission for item 7B of the Port Commission's March 10, 1998 meeting, a copy of which is on file with the Port Commission Secretary, and in such form as is approved by the Executive Director, or his designee, and the City Attorney.

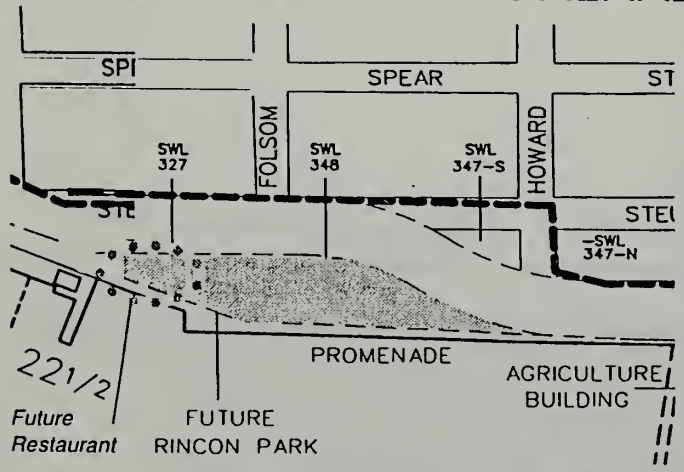
I hereby certify that the Port Commission, at its meeting of March 10, 1998, adopted the foregoing Resolution.

_____
Secretary

AC/fj/Agd3-98-5A

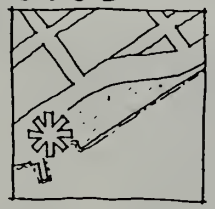
Design Criteria

RINCON PARK AND PROMENADE

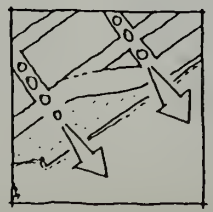


Rincon Park, a planned 2.70 acre landscaped open space, and the 1800 foot long pedestrian promenade south of the Agriculture Building, will provide expansive views of the Bay, Bay Bridge and City skyline. Rincon Park will include a one-story, 12,000 sq. ft. restaurant in the southern portion of the park. The new restaurant should define the architectural character and anchor the southern end of the park.

Site



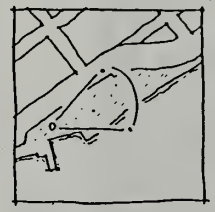
SITE COVERAGE: To maximize views of the Bay, locate the restaurant south of the Folsom Street view corridor.



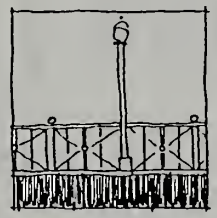
SITE COVERAGE -- Street Corridors: Preserve Bay views by keeping the Folsom and Howard Street view corridors free of floor-area structures.

HEIGHT: Allow architectural embellishments on the restaurant building to exceed the 17' height limit.

Orientation

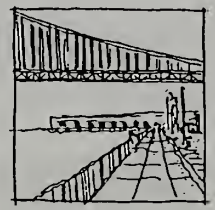


ORIENTATION -- Restaurant: Orient views from the restaurant north toward the Park and the Bay. Allow guest boat docking adjacent to the restaurant.



EDGE -- Promenade: To visually emphasize the length of the waterfront edge, include a regularly spaced series of architectural treatments, e.g. railing posts, light fixtures, or other street or park furnishings.

Architectural Details



CHARACTER -- Rincon Park: Minimize landscaping and structures (other than the restaurant) that would block views of the waterfront from The Embarcadero.

CHARACTER -- Restaurant: The restaurant building should be architecturally unique, provide a strong identity for the Park, and complement the Pier 22½ Fireboat Station.

Service

SERVICE -- Restaurant: Provide service entry at the south end of the building. Use fences or other lockable enclosures to screen trash facilities from public view.

Exhibit B

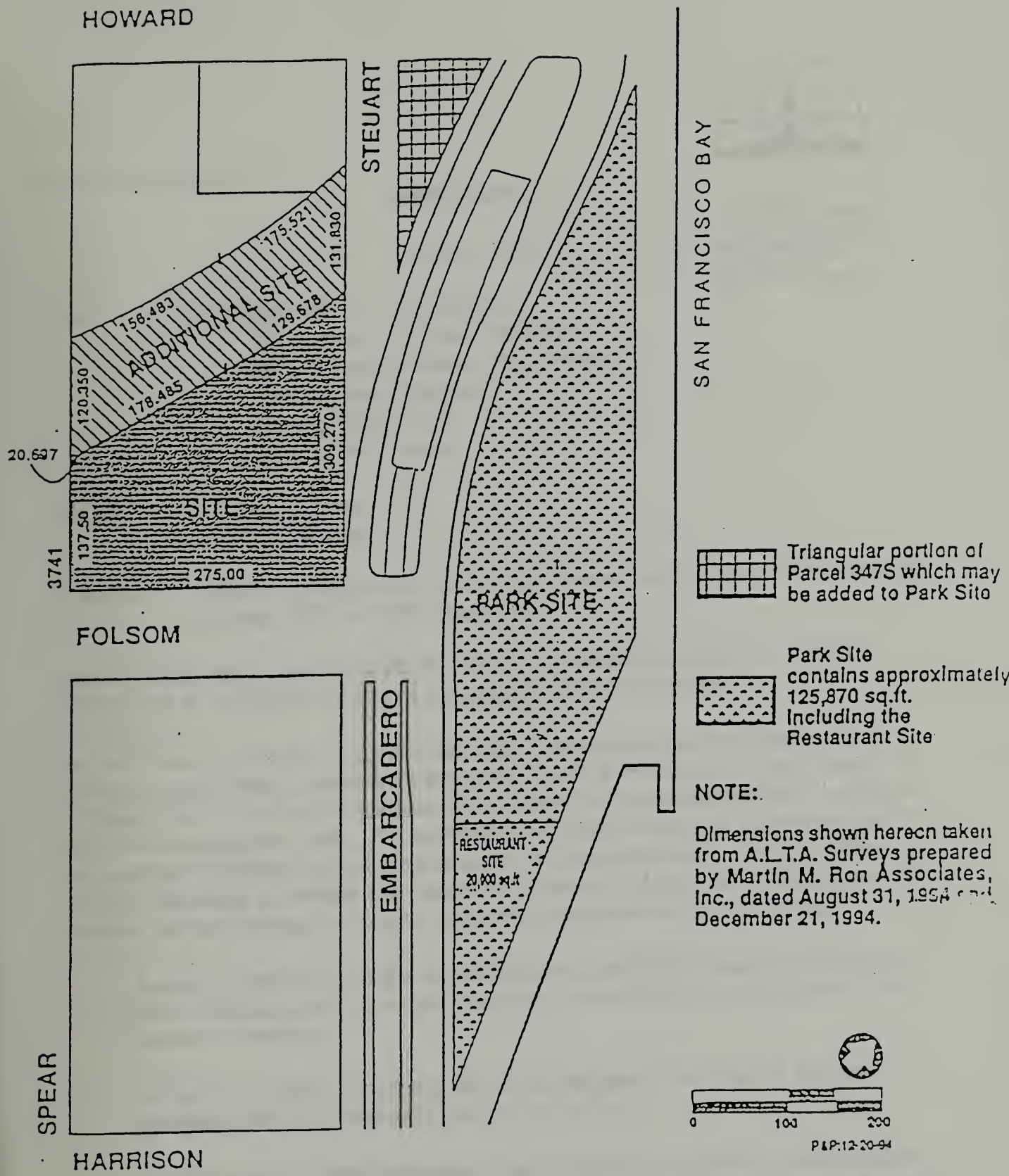

HOWARD
STEUART
SAN FRANCISCO BAY
ADDITIONAL SITE
175.521
131.830
156.483
129.678
178.485
120.350
309.270
20.697
347S
137.50
275.00
3741
PARK SITE
FOLSOM
EMBARCADERO
RESTAURANT SITE
20,000 sq.ft.
SPEAR
HARRISON
Triangular portion of Parcel 347S which may be added to Park Site
Park Site contains approximately 125,870 sq.ft. including the Restaurant Site
NOTE:
Dimensions shown hereon taken from A.L.T.A. Surveys prepared by Martin M. Ron Associates, Inc., dated August 31, 1994 and December 21, 1994.
0
100
200
P&P:12-20-94

EXHIBIT A

PORT OF SAN FRANCISCO

MEMORANDUM

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

March 5, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie G. Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: MBE and WBE participation in Port contracts and the Port outreach program to attract MBE and WBE contractors

DIRECTOR'S RECOMMENDATION: THIS IS AN INFORMATIONAL ITEM IN RESPONSE TO A REQUEST FROM COMMISSIONER BRANDON

At the February 24, 1998 Commission meeting, Commissioner Brandon expressed her concern about the Port's compliance with San Francisco Administrative Code Chapter 12D ("Chapter 12D"). She had the understanding that the Port is not meeting HRC's published MBE/WBE participation goals. She further had the understanding that the Port had few, if any, contracts with Black owned firms acting as the prime contractor. To address these concerns, she asked to calendar this matter as an item on the March 10, 1998 Commission meeting. At that meeting, she asked to have the Commission hear the following:

1. A report on the Port's contracting statistics with MBE/WBE firms over the past two years. She also asked for a staff presentation on the Port's outreach efforts to the minority community.

2. A report by the HRC addressing the Port's compliance with Chapter 12D and recommendations for improved outreach by the Port.

3. An opportunity for public testimony from the minority community concerning their contracting experiences with the Port and their opinion of the Port's outreach efforts.

This Print Covers Calendar Item No. 6A

CONTRACTING STATISTICS

1. MBE/WBE STATISTICS FOR CALENDAR YEAR 1996 AND 1997 - The first report provides the total contract and MBE/WBE participation statistics for the Port for calendar years 1996 and 1997. This shows the participation at the prime contracting and the sub contracting level by ethnicity.

2. CONSTRUCTION CONTRACTS – ENGINEERING SECTION, MBE/WBE PARTICIPATION REPORT - The second report provides a summary of the construction contracts administered by the Engineering Section from January 1, 1996 to the present. This report shows the ethnicity of all the prime contractor bidders in comparison to the ethnicity of the contractors to whom the contracts were awarded.

3. A/E CONTRACTS – ENGINEERING SECTION, MBE/WBE PARTICIPATION REPORT – This report provides a summary of the professional services contracts administered by the Engineering Section from January 1, 1996 to the present. This report shows the ethnicity of the total prime consultants submitting proposals in comparison to the ethnicity of the consultants to whom the professional services contracts were awarded.

The Engineering Section of the Facilities and Operations Division administers most of the contracts at the Port.

OUTREACH EFFORTS

One of the essential components of an effective outreach program is to ensure that the M/WBE community is aware and informed of contracting opportunities. All contracts for more than $50,000 are brought before the Commission for approval to advertise. Because the Port Commission agenda and minutes are public records, some of the M/WBE firms and companies first learn about upcoming contracting opportunities from this information. To inform the M/WBE community of contracting opportunities, the Port utilizes a comprehensive approach and takes the following specific actions:

1. Advertise in the official City-contracted newspaper, the San Francisco Independent.
2. Advertise in the Small Business Exchange magazine.
3. Advertise in the City Purchasing Department's Bid and Contract Opportunities newsletter and website.
4. Advertise in the Northern California Construction Bulletin (construction contracts only).
5. Advertise in the Daily Pacific Builder, a widely used resource for the construction industry.
6. Send gratis plans and specifications to 23 different builder's exchanges, and community and minority agencies.

7. Send gratis Request For Proposals to community and minority agencies;
8. Direct mailing of the Invitation For Bids Notice and the Request For Proposals Notice to all pertinent HRC certified and registered companies.
9. Direct mailing of the Invitation For Bids Notice and the Request For Proposals Notice to all companies listed in the department's mailing list using the HRC directory.
10. Conduct pre-bid conferences for construction contracts and pre-proposal conferences for professional services contracts.
11. Make available Port and HRC staff to assist the M/WBE community regarding contracting matters.

In addition to the above, Port staff attends City sponsored and M/WBE community sponsored events to provide a presence, answer questions and encourage M/WBE contractors to participate in Port contracts.

Prepared by: Alexander K. Lee
Director of Facilities and Operations

SAN FRANCISCO PORT
MBE/WBE STATISTICS FOR CALENDAR YEAR 1996

		AMOUNT		$/GROUP	%	%/GROUP	HRC GOAL *
TOTAL CONTRACTING DOLLARS	$	6,884,923.00			100.00%		
TOTAL MBE DOLLARS	$	2,475,676.00			35.96%		N/A*
ASIAN			$	1,238,759.00		17.99%	
HISPANIC			$	903,652.00		13.13%	
AFRICAN AMERICAN			$	333,265.00		4.84%	
TOTAL WBE DOLLARS	$	741,663.00			10.77%		N/A*
TOTAL NON-MBE/WBE DOLLARS	$	3,401,584.00			49.41%		N/A*
TOTAL WAIVER DOLLARS	$	266,000.00			3.86%		N/A*
CONSTRUCTION	$	5,596,905.00			100.00%		
MBE PRIME PARTICIPATION	$	985,969.00			17.62%		
ASIAN			$	62,471.00		1.12%	21.00%
HISPANIC			$	893,791.00		15.97%	11.00%
AFRICAN AMERICAN			$	29,707.00		0.53%	12.00%
MBE SUBCONTRACTING	$	930,999.00			16.63%		N/A**
ASIAN			$	622,000.00		11.11%	
HISPANIC			$	9,861.00		0.18%	
AFRICAN AMERICAN			$	299,138.00		5.34%	
TOTAL MBE PARTICIPATION	$	1,916,968.00			34.25%		
WBE PRIME PARTICIPATION		$0.00			0.00%		9.00%
WBE SUBCONTRACTING	$	449,641.00			8.03%		N/A**
TOTAL WBE PARTICIPATION		$449,641.00			8.03%		
NON-MBE/WBE PARTICIPATION	$	3,000,296.00			53.61%		N/A
WAIVER DOLLARS	$	230,000.00			4.11%		
PROFESSIONAL SERVICES	$	1,288,018.00			100.00%		
MBE PRIME PARTICIPATION	$	336,598.00			26.13%		
ASIAN			$	336,598.00		26.13%	25.00%
HISPANIC				$0.00		0.00%	3.00%
AFRICAN AMERICAN				$0.00		0.00%	6.00%
MBE SUBCONSULTING	$	222,110.00			17.24%		N/A**
ASIAN			$	217,690.00		16.90%	
HISPANIC				$0.00		0.00%	
AFRICAN AMERICAN			$	4,420.00		0.34%	
TOTAL MBE PARTICIPATION	$	558,708.00			43.38%		
WBE PRIME PARTICIPATION	$	256,757.00			19.93%		12.00%
WBE SUBCONSULTING	$	35,265.00			2.74%		N/A**
TOTAL WBE PARTICIPATION	$	292,022.00			22.67%		
NON-MBE/WBE PARTICIPATION	$	401,288.00			31.16%		N/A
TOTAL WAIVERS	$	36,000.00			2.79%		

* Goals were developed as guidelines by HRC in 1991. HRC intends to update its goals in the near future

* The Human Rights Commission (HRC)Citywide MBE/WBE goals are set for prime contracts by industry and race/ethnicity.

** Subcontracting/subconsulting goals are set for each individual project. There is no Citywide goal set for subcontracting/subconsulting.

SAN FRANCISCO PORT
MBE/WBE STATISTICS FOR CALENDAR YEAR 1997

		AMOUNT		$/GROUP	%	%/GROUP	HRC GOAL *
TOTAL CONTRACTING DOLLARS	$	7,234,235.00			100%		
TOTAL MBE DOLLARS	$	1,999,050.00			27.63%		N/A*
ASIAN			$	875,201.00		12.10%	
HISPANIC			$	93,671.00		1.29%	
AFRICAN AMERICAN			$	1,030,178.00		14.24%	
TOTAL WBE DOLLARS	$	1,286,979.00			17.79%		N/A*
TOTAL NON-MBE/WBE DOLLARS	$	3,948,206.00			54.58%		N/A*
TOTAL WAIVER DOLLARS		$0.00			0.00%		N/A*
CONSTRUCTION	$	5,919,969.00			100%		
MBE PRIME PARTICIPATION	$	289,055.00			4.88%		
ASIAN			$	224,108.00		3.79%	21.00%
HISPANIC			$	64,947.00		1.10%	11.00%
AFRICAN AMERICAN				$0.00		0.00%	12.00%
MBE SUBCONTRACTING	$	1,402,609.00			23.69%		N/A**
ASIAN			$	363,431.00		6.14%	
HISPANIC			$	9,000.00		0.15%	
AFRICAN AMERICAN			$	1,030,178.00		17.40%	
TOTAL MBE PARTICIPATION	$	1,691,664.00			28.58%		
WBE PRIME PARTICIPATION	$	560,322.00			9.46%		9.00%
WBE SUBCONTRACTING	$	559,925.00			9.46%		N/A**
TOTAL WBE PARTICIPATION	$	1,120,247.00			18.92%		
NON-MBE/WBE PARTICIPATION	$	3,108,058.00			52.50%		N/A
WAIVER DOLLARS		$0.00			0.00%		
PROFESSIONAL SERVICES	$	1,314,266.00			100.00%		
MBE PRIME PARTICIPATION	$	91,827.00			6.99%		
ASIAN			$	91,827.00		6.99%	25.00%
HISPANIC				$0.00		0.00%	3.00%
AFRICAN AMERICAN				$0.00		0.00%	6.00%
MBE SUBCONSULTING	$	215,559.00			16.40%		N/A**
ASIAN			$	195,835.00		14.90%	
HISPANIC			$	19,724.00		1.50%	
AFRICAN AMERICAN				$0.00		0.00%	
TOTAL MBE PARTICIPATION	$	307,386.00			23.39%		
WBE PRIME PARTICIPATION	$	23,318.00			1.77%		12.00%
WBE SUBCONSULTING	$	143,414.00			10.91%		N/A**
TOTAL WBE PARTICIPATION	$	166,732.00			12.69%		
NON-MBE/WBE PARTICIPATION	$	840,148.00			63.93%		N/A
TOTAL WAIVERS		$0.00			0.00%		

* Goals were developed as guidelines by HRC in 1991. HRC intends to update its goals in the near future

* The Human Rights Commission (HRC)Citywide MBE/WBE goals are set for prime contracts by industry and race/ethnicity.

** Subcontracting/subconsulting goals are set for each individual project. There is no Citywide goal set for subcontracting/subconsulting.

CONSTRUCTION CONTRACTS - ENGINEERING SECTION
M/WBE PARTICIPATION REPORT - EXECUTIVE SUMMARY

Legend:

A=Asian, B=Black, H=Hispanic

# of Contracts	Project	# of Prime Bidders	Bidders: Prime Company(ies)	Certified		Ethnicity		
				MBE	WBE	A	B	H
20	ALL	84	ALL	36	12	19	9	8
	% Participation			**43%**	**14%**	**23%**	**11%**	**10%**
20	ALL	26	SUCCESSFUL BIDDERS	12	3	9	1	2
	% Participation			**46%**	**12%**	**35%**	**4%**	**8%**

CONSTRUCTION CONTRACTS - ENGINEERING SECTION
M/WBE PARTICIPATION REPORT

Legend:

= successful bidder

A=Asian, B=Black, H=Hispanic

Contract No.	Project	# of Prime Bidders	Bidders: Prime Company(ies)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
2594	Ferry Building Seismic Repairs Stage II	2	Cico-R & W, a J.V.	1				1
		1	Cuevas & Mannion Construction	1				1
	SUMMARY OF ALL BIDDERS	3		2	0	0	0	2
	% Participation			67%	0%	0%	0%	67%
2611	Ferry Plaza and Piers 27 & 29 Earthquake Damage Repair	3	San Luis Gonzaga/Ranger Pipelines/Bay Pacific Pipelines, a J.V.	1		1		
		1	Homer J. Olsen, Inc.					
		2	Arntz Builders/D. Stewart Thompson, a JV		1			
		2	Barnes/LTM, a JV	1			1	
		2	Marinship Construction Services/Valentine Corp, a JV	1			1	
		2	Nibbi Tom, a JV	1		1		
		2	West Coast Bridge, Inc/Pan Marine Constructors,Inc, a JV		1			
	SUMMARY OF ALL BIDDERS	14		4	2	2	2	0
	% Participation			29%	14%	14%	14%	0%
2616	Pier 35 Passenger Terminal Escalator	2	Cico R & W, A J. V.	1				1
		1	LTM Construction Co.	1			1	
		1	Cuevas & Mannion Construction	1				1
	SUMMARY OF ALL BIDDERS	4		3	0	0	1	2
	% Participation			75%	0%	0%	25%	50%
2619	Pier 80 Crane #1112 Emergency Repairs	1	Rigging International					
		1	Paceco					
	SUMMARY OF ALL BIDDERS	2		0	0	0	0	0
	% Participation			0%	0%	0%	0%	0%
2620	Dredging	1	Dutra Dredging Co.					
	SUMMARY OF ALL BIDDERS	1		0	0	0	0	0
	% Participation			0%	0%	0%	0%	0%

Contract No.	Project	# of Prime Bidders	Bidders: Prime Company(ies)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
2622	Pier 48 Earthquake Damage Repair	2	West Bay Builders/D. Stewart Thompson, a J.V.		1			
		2	Barnes/LTM, a JV	1			1	
		1	Pacific Construction	1		1		
		1	Anderson Pacific Engin. Constr., Inc.					
		1	MH Construction Management Co.	1		1		
		2	Valentine Corp./Coast Geoconstructors, a JV	1		1		
		1	A Ruiz Constr. Co. & Assoc., Inc.	1				1
		1	Trico Construction		1			
	SUMMARY OF ALL BIDDERS	**11**		**5**	**2**	**3**	**1**	**1**
	% Participation			**45%**	**18%**	**27%**	**9%**	**9%**
2624	Pier 45, Space D-5, Mechanical Work	1	Chiang C.M. Construction, Inc.	1		1		
		1	HOK Construction, Inc.	1		1		
		1	A Answer	1			1	
	SUMMARY OF ALL BIDDERS	**3**		**3**	**0**	**2**	**1**	**0**
	% Participation			**100%**	**0%**	**67%**	**33%**	**0%**
2627	Ferry Building Sewer Repairs Phase I (Emergency Contract)	1	A Answer, Inc.	1			1	
	SUMMARY OF ALL BIDDERS	**1**		**1**	**0**	**0**	**1**	**0**
	% Participation			**100%**	**0%**	**0%**	**100%**	**0%**
2628	Ferry Building Sewer Repairs Phase II (Emergency Contract)	1	Far East Construction Co.	1		1		
	SUMMARY OF ALL BIDDERS	**1**		**1**	**0**	**1**	**0**	**0**
	% Participation			**100%**	**0%**	**100%**	**0%**	**0%**
2629	Ferry Building Sewer Repairs Phase III (Emergency Contract)	1	Far East Construction Co.	1		1		
	SUMMARY OF ALL BIDDERS	**1**		**1**	**0**	**1**	**0**	**0**
	% Participation			**100%**	**0%**	**100%**	**0%**	**0%**
2631	F.W. Lighting Improvements Phase I	1	Millard Tong Construction Co., Inc.	1		1		
		1	K.P. Lam Construction	1		1		
		1	Beci Electric					
		1	Cresci Electric		1			
		1	M.H. Construction Management	1		1		

Contract No.	Project	# of Prime Bidders	Bidders: Prime Company(ies)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
		1	Abbett Electric					
	SUMMARY OF ALL BIDDERS	6		3	1	3	0	0
	% Participation			50%	17%	50%	0%	0%
2632	Pier 68 Shipyard Crane Improvements	1	Sheedy Drayage Co.					
		1	Rigging International					
	SUMMARY OF ALL BIDDERS	2		0	0	0	0	0
	% Participation			0%	0%	0%	0%	0%
2634	Pier 48 Fire Emergency Demolition and Shoring	1	Ferma Corporation					
	(Emergency contract)	1	Cleveland Wrecking					
		1	Krueger Bros.					
	SUMMARY OF ALL BIDDERS	3		0	0	0	0	0
	% Participation			0%	0%	0%	0%	0%
2635	Pier 50 D Interior Improvements	1	Hok Construction, Inc.	1		1		
		1	Trico Construction		1			
		2	Lawrence Construction/West Bay Builders, a JV	1			1	
		1	Adolph Schmidt General Contractors					
		1	Alpha Bay Builders	1		1		
		1	Angotti & Reilly					
		1	AA Construction					
	SUMMARY OF ALL BIDDERS	8		3	1	2	1	0
	% Participation			38%	13%	25%	13%	0%
2636	Pier 48 Fire Damage Repair & Construction	2	West Bay Builders/ D. Stewart Thompson, a J.V.		1			
		2	D.J. Amoroso Constr. Co./ Trico Constr., a JV		1			
		2	S.J. Amoroso Constr./Mainship Constr., a JV	1			1	
		2	Barnes/LTM, a JV	1			1	
	SUMMARY OF ALL BIDDERS	8		2	2	0	2	0
	% Participation			25%	25%	0%	25%	0%
2638	Pier 45 Shed D Plumbing	1	E. Mitchell		1			
		1	Pribuss Engineering, Inc	1				1
	SUMMARY OF ALL BIDDERS	2		1	1	0	0	1

Contract No.	Project	# of Prime Bidders	Bidders: Prime Company(ies)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
	% Participation			50%	50%	0%	0%	50%
2640	Pier 94/96 Container Yard High Mast Relamping	1	SETO Electric	1		1		
		1	Precision Electric Works	1		1		
		1	Mayer Electric Co.		1			
		1	C&M Electric	1				1
	SUMMARY OF ALL BIDDERS	4		3	1	2	0	1
	% Participation			75%	25%	50%	0%	25%
2643	Pier 50 Shed "D" Carpet, Tile, and VCT	1	Hoem-Schurba					
		1	DuPont Flooring Systems					
	SUMMARY OF ALL BIDDERS	2		0	0	0	0	0
	% Participation			0%	0%	0%	0%	0%
2644	P 50 B & C Roofing Area	1	Pioneer Roofing Organization	1		1		
		1	Western Roofing Service					
		1	Trico Construction		1			
		2	West Bay Builders/D. Stewart Thompson, a JV		1			
	SUMMARY OF ALL BIDDERS	5		1	2	1	0	0
	% Participation			20%	40%	20%	0%	0%
2649	Pier 1 1/2 Emergency Wall Repair	1	Kin Wo	1		1		
	(Emergency Contract)	1	Chiang C.M. Constr. Inc.	1		1		
		1	Cuevas & Mannion Construction	1				1
	SUMMARY OF ALL BIDDERS	3		3	0	2	0	1
	% Participation			100%	0%	67%	0%	33%

A/E CONTRACTS - ENGINEERING SECTION
M/WBE PARTICIPATION REPORT - EXECUTIVE SUMMARY

Legend:

A=Asian, H=Hispanic, B=Black

Project	# of Prime Firms	Proposers: Prime Firm(s)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
ALL PROJECTS	85	All	47	10	37	9	4
% Participation			**55%**	**12%**	**44%**	**11%**	**5%**
ALL PROJECTS, excluding informal contracts and in-progress contract	28	Shortlisted Firms	16	3	13	4	0
% Participation			**57%**	**11%**	**46%**	**14%**	**0%**
Contracts Awarded 10	11	Successful Firms	7	1	7	0	0
% Participation			**64%**	**9%**	**64%**	**0%**	**0%**

A/E CONTRACTS - ENGINEERING SECTION R. Lim
M/WBE PARTICIPATION REPORT

Legend:

= shortlisted team

= successful team

A=Asian, H=Hispanic, B=Black

Item #	Project	# of Prime Firms	Proposers: Prime Firm(s)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
1	Pier 52 Public Boat Ramp, Bait Shop/Café and Public Access	1	Arcus	1		1		
		2	Avila & Tom/Thiele and Graham	1		1		
		2	Cervantes/Gonzales	1	1			2
		1	Fisher-Friedman					
		1	Fushimi+Frederick		1		1	
		1	Gerson/Overstreet	1			1	
		1	Gregory Mal Choy	1		1		
		2	Iyer/DCCE	1		1		
		1	Kotas/Pantaleoni					
		1	Lahn Architects		1			
		1	Paulett Taggart		1			
		1	Praxis		1			
		1	Stevens & Associates	1			1	
		1	Tectonics	1		1		
	SUMMARY OF ALL PROPOSERS	**17**		**8**	**5**	**5**	**3**	**2**
	% Participation			**47%**	**29%**	**29%**	**18%**	**12%**
	SUMMARY OF SHORTLISTED TEAMS	**6**		**4**	**1**	**4**	**1**	**0**
	% Participation			**67%**	**17%**	**67%**	**17%**	**0%**
2	Fisherman's Wharf Lighting Improvements	1	F.W. Associates	1		1		
		2	Ajmani & Pamidi/Lindsley Arch	1		1		
		1	Design +					
		1	David L. Chen Associates	1		1		
		2	Francis Krahe/Cerbatos	1			1	
		1	Lumen Works					
		1	MCT Engineers	1		1		
		2	Ray Juachon/Horton Lees	1	1	1		
		1	Takahashi Consulting	1		1		
		2	WL Associates/Luminae Souter	1		1		
		1	YEI Engineers					
	SUMMARY OF ALL PROPOSERS	**15**		**8**	**1**	**7**	**1**	**0**
	% Participation			**53%**	**7%**	**47%**	**7%**	**0%**
	SUMMARY OF SHORTLISTED TEAMS	**7**		**4**	**1**	**4**	**0**	**0**
	% Participation			**57%**	**14%**	**57%**	**0%**	**0%**

Item #	Project	# of Prime Firms	Proposers: Prime Firm(s)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
3	Hyde Street Harbor	1	Concept Marine					
		1	Cash & Associates					
		1	GKO	1		1		
		2	Iyer/DCCE	1		1		
		1	Moffatt & Nichol					
	SUMMARY OF ALL PROPOSERS	6		2	0	2	0	0
	% Participation			33%	0%	33%	0%	0%
	SUMMARY OF SHORTLISTED TEAMS	3		1	0	1	0	0
	% Participation			33%	0%	33%	0%	0%
4	New Maintenance Facility	2	Kendall Young/Beverly Prior	1	1	1		
		1	Barcelon & Jang	1		1		
		1	Gerson/Overstreet	1			1	
		2	GKO/Architectural Resources	1		1		
		3	Holmes&Narver/Mock Wallace/ Magary and Assoc	1	1	1		
		1	Jong & Jong	1		1		
		2	Kwong Kolm/Mathau Roche	2		1	1	
		2	MBT/Mathau Roche	1			1	
		2	Michael Willis/Winzler & Kelly	1			1	
		2	Robert Wong/Hertzka&Knowles	1		1		
		1	Stevens & Assoc	1			1	
		3	Arcus/Cervantes/Greg Roja	3		2		1
	SUMMARY OF ALL PROPOSERS	22		15	2	9	5	1
	% Participation			68%	9%	41%	23%	5%
	SUMMARY OF SHORTLISTED TEAMS	12		7	1	4	3	0
	% Participation			58%	8%	33%	25%	0%
5	Structural CAD Drafting Services for the Downtown Ferry Terminal Project - Informal Contract	1	GKO	1		1		
		1	Z Factor CAD Consulting	1		1		
	SUMMARY OF ALL PROPOSERS	2		2	0	2	0	0
	% Participation			100%	0%	100%	0%	0%
6	Architectural CAD Drafting Services for the Agricultural Building - Informal Contract	1	Arcus	1		1		
		1	Greg Roja	1		1		
	SUMMARY OF ALL PROPOSERS	2		2	0	2	0	0
	% Participation			100%	0%	100%	0%	0%
7	Disaster Assistance Recovery - Assist the Port with Outstanding Issues Related to the 1989 Loma Prieta EQ - Informal Contract	1	Kermani Consulting Group					
		1	Dimensions Unlimited, Inc.					
	SUMMARY OF ALL PROPOSERS	2		0	0	0	0	0
	% Participation			0%	0%	0%	0%	0%

Item #	Project	# of Prime Firms	Proposers: Prime Firm(s)	Certified MBE	Certified WBE	Ethnicity A	Ethnicity B	Ethnicity H
8	Pier 48 Fire Damage Assessment and Repair Design - Emergency Contract	1	GKO	1		1		
		Note: A total of 4 firms were contacted and only GKO submitted a proposal						
	SUMMARY OF ALL PROPOSERS	**1**		**1**	**0**	**1**	**0**	**0**
	% Participation			**100%**	**0%**	**100%**	**0%**	**0%**
9	Ferry Building Seismic Improvements Stage II - separate contract to address architectural changes	1	Degenkolb					
		Note: this contract was for a continuation of an existing contract						
	SUMMARY OF ALL PROPOSERS	**1**		**0**	**0**	**0**	**0**	**0**
	% Participation			**0%**	**0%**	**0%**	**0%**	**0%**
10	Pier 43 1/2 Franciscan Restaurant Parking Lot Emergency Repair - Emergency Contract	1	GKO	1		1		
	SUMMARY OF ALL PROPOSERS	**1**		**1**	**0**	**1**	**0**	**0**
	% Participation			**100%**	**0%**	**100%**	**0%**	**0%**
11	As-Needed Engineering Services	1	Structus	1		1		
		1	Kpa	1		1		
	Note: in-progress, an award has not been made yet	1	Mendoza & Assoc	1				1
		1	Manna	1		1		
		2	Cistran/Tectonics	1		1		
		1	Olivia Chen		1	1		
		1	Concept Marine					
		2	Faye Bernstein/R&C		1			
		1	GKO	1		1		
		2	Lee/EQE	1		1		
		2	AGS/OPAC	1		1		
		1	URS Greiner					
	SUMMARY OF ALL PROPOSERS	**16**		**8**	**2**	**8**	**0**	**1**
	% Participation			**50%**	**13%**	**50%**	**0%**	**6%**
	SUMMARY OF SHORTLISTED TEAMS	in-progress						
	% Participation							

PORT OF SAN FRANCISCO

MEMORANDUM

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

March 4, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of the updated Master Agreement for federal-aid projects between the Port of San Francisco and the State of California, Department of Transportation ("Caltrans")

DIRECTOR'S RECOMMENDATION: APPROVE THE ATTACHED RESOLUTION.

Background: Over the past several years, the Port has successfully applied for and received numerous federal transportation grants from a number of federal funding programs. The projects for which these grants have been awarded include the Downtown Ferry Terminal Project, the Ferry Building Renovation Project, and the Pier 47A Retrofit Project. The programs that are the source of the funds include the Transportation Enhancement Activities Program (TEA), the Surface Transportation Program (RSTP) and the Ferry Boat Discretionary Program (FBD), all of which are part of the Intermodal Surface Transportation Efficiency Act of 1991 ("ISTEA").

As a condition of receiving the grant funds, the Port must enter into a Master Agreement with Caltrans that outlines procedures for expenditure of the funds and maintenance of any facilities constructed with the funds. The agreement covers items such as project administration, rights of way, management and maintenance of property, fiscal provisions, retention of records and audits and federal lobbying activities by any contractors or consultants paid with grant funds. The agreement has been modified to reflect new provisions of ISTEA and new, re-engineered procedures used by the Caltrans Office of Local Programs. In addition, the Master Agreement requires the Port to indemnify and hold the State harmless from any liability: (i) in the event the right of way for a project is not cleared as certified; or (ii) occurring by reason of anything done, or omitted to be done by the Port under, or in connection with, any work, authority or jurisdiction delegated to the Port under the Master Agreement. Because of the indemnity clause, the Master Agreement must also be approved by the Board of Supervisors.

The attached resolution authorizes the Port's Executive Director to forward the agreement to the Board of Supervisors for approval and to, thereafter, execute the agreement.

Prepared by: Paul Osmundson, Director of Planning & Development

This Print Covers Calendar Item No. 7A

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-26

WHEREAS, Under the City and County of San Francisco Charter Section 3.581, the Port of San Francisco has the authority to apply for, accept, and, after environmental certification and all necessary permits are obtained, expend Federal Transportation Grant Funds; and

WHEREAS, The Port Commission has authorized staff to apply for and accept various federal transportation grants for Port projects including the Downtown Ferry Terminal Project, the Ferry Building Rehabilitation Project and the Pier 47A Repair Project; and

WHEREAS, The Port has been awarded grants from the Transportation Activities Enhancements Program (TEA), the Surface Transportation Program (RSTP) and the Ferry Boat Discretionary Program (FBD) for these projects; and

WHEREAS, As a condition of receiving these grant funds, the Port ("Administering Agency") must enter into a Master Agreement with the State of California Department of Transportation ("Caltrans") regarding the general requirements for the use of such grant funds; and

WHEREAS, The indemnity provisions of the Master Agreement require Board of Supervisors' approval; and

WHEREAS, Upon approval of the indemnity provisions by the Board of Supervisors, the Port's Executive Director would execute the Master Agreement on behalf of the Commission under the authorization contained in this resolution; now, therefore, be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to forward to the Board of Supervisors, for its approval of the indemnity provisions, the "Master Agreement No. 04-6169, Administering Agency – State Agreement for Federal-Aid Projects" including a provision whereby the Port would indemnify and hold harmless the State from any liability: (i) in the event the right of way for a project is not cleared as certified; or (ii) occurring by reason of anything done, or omitted to be done by the Port under, or in connection with, any work, authority or jurisdiction delegated to the Port under the Master Agreement and to thereafter execute the Master Agreement; and, be it further

RESOLVED, That the Commission acknowledges that any additional action regarding a specific grant would only be considered following completion of necessary environmental review under the California Environmental Quality Act ("CEQA").

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of March 10, 1998.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

MARCH 10, 1998
MINUTES OF THE MEETING

DOCUMENTS DEPT.

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HON. DENISE McCARTHY, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. FRANKIE G. LEE
HON. JAMES HERMAN

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
MARCH 10, 1998

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 4:03 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman, Frankie Lee and James Herman.

2. APPROVAL OF MINUTES – February 24, 1998 Meeting

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

(1) At the January 27, 1998 Port Commission meeting, the Commission approved a lease with the California Sealift Company as a pre-requisite to berth at the Port. Subsequently, the California Sealift Company submitted an RFP to the U.S. Maritime Administration (MARAD). The RFP detailed MARAD's needs to secure long-term berthing space with seven ready-reserve ships on the West Coast. Last week, the U.S. Department of Transportation, acting through the Maritime Administration, formally awarded the bid and named the Port of San Francisco as a homeport for seven ready-reserve ships at Piers 27, 50, 80 and 96 commencing July 1st. The contract consists of five one-year contracts renewable for four consecutive years. The Port will earn $788,000 per year as a result of this pact. He noted that MARAD would be investing between $1.2 to $1.5 million to upgrade the facilities. Additionally, there will be significant economic revenues to the ship repair industry. He acknowledged Peter Dailey's and Charlie Mitchell's efforts for putting the deal together.

(2) On March 5th, BCDC voted in favor of a permit for the Downtown Ferry Terminal Project. BCDC was concerned about upcoming projects in the Ferry Building area including the Ferry Building, Sinbad Restaurant, Pier One and how public access and view corridors to the water will be addressed. A copy of the Memorandum of Understanding between BCDC and Port was provided to the Commission. The MOU commits the Port to subarea planning process for the supporting area of the waterfront which the Port is now undertaking.

The MOU was critical to BCDC before granting the Downtown Ferry Terminal Project permit.

4. MARITIME

5. REAL ESTATE AND ASSET MANAGEMENT

A. Approve Resolution No. 98-27 authorizing staff to issue a Request for Proposals ("RFP") for design, construction and lease of a restaurant at the southern end of the planned Rincon Park, along the Embarcadero between Folsom and Harrison Streets. (Resolution No. 98-27)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that staff is requesting Commission's approval to issue an RFP for a development of a restaurant at the southern end of the planned Rincon Park. Rincon Park will be created from the realignment of the Embarcadero Roadway. The Redevelopment Agency will develop Rincon Park, a 2.7-acre park, with funds contributed by the Gap Office Building developers. In its recent agreement with Redevelopment Agency, the Port retained the development rights for a 20,000 sq. ft. parcel at the southern end of the park. The Port is permitted to develop a restaurant approximately 12,000 sq. ft. on the site. Now that the Waterfront Plan has been adopted, the Port can offer the site for development. It will be the first opportunity to construct a new restaurant on Port property in decades and staff expects to attract a significant number of responses. The Port will be advertising the opportunity widely and sending the RFP to a wide range of groups. This project is a collaborative effort between the Real Estate and Planning divisions of the Port.

Anne Cook, Waterfront Planning Coordinator, indicated that this project has long been contemplated in most of the planning efforts for the waterfront. The original Redevelopment Plan permitted a restaurant of approximately 12,000 square feet to be located within the park, north of Folsom Street. On January 10, 1995, the Redevelopment Agency granted a variance to the Redevelopment Plan to allow for a 12,000 square foot restaurant with an additional 8,000 square feet of outdoor support space in the southern portion of the park, south of Folsom Street. In 1995, the Port Commission and the Redevelopment entered into an Agreement to Lease for the Rincon Park property. As part of that agreement, the Port and the Redevelopment Agency agreed to the following restrictions on development of the restaurant site:

- The restaurant site shall be used for a first-class restaurant and related facilities or as open space of which no more than 12,000 square feet shall be used for the restaurant building.
- The remaining 8,000 square feet not used for the restaurant building may be used for purposes consistent and ancillary with restaurant uses, including but not limited to exterior tables, chairs and benches.
- Port may provide parking for and driveway access to the restaurant within the

restaurant site.

- The height of the restaurant building shall not exceed approximately 17 feet from the finished grade of the park, including any rooftop utility penthouses.

The selection criteria would include the experience and reputation of the developer and restaurant operator, the quality and uniqueness of the restaurant concept, the financial viability of the proposal, economic return to the Port, the experience and qualifications of the design consultants, the quality of the conceptual design for the restaurant building and site, and the organization and management of the development team.

The restaurant concept is consistent with the Redevelopment Plan for the area and the Port's Waterfront Land Use Plan. In addition, the City's Office of Environmental Review has determined that no additional environmental review would be required for the restaurant project. The restaurant project would, however, require a BCDC permit and would be subject to the recently approved joint design review process between the Port and the Planning Department. The design would be reviewed for conformity with the Waterfront Design and Access Element of the Waterfront Land Use Plan. The site-specific design criteria were included in the staff report.

The Port Commission would approve exclusive negotiations with the selected development team and would approve the final lease and lease disposition and development agreement for the project. Based on the proposed length of term (25 years), and the likelihood that revenues would exceed $1 million over the term of the lease, the lease would also require Board of Supervisors approval.

Port staff would set a minimum base rent based on an appraisal of the land value of the restaurant site. The base rent would be adjusted every five years according to the Consumer Price Index. In addition, the Port would require a minimum percentage rent on gross receipts for all food, beverages, entertainment and/or merchandise.

The initial term of the lease would be for a maximum of 25 years. Three 5-year options could be available, provided that upon each exercise of option, the base rent and percentage would be adjusted to the fair market rent for improved restaurant space for the applicable option term.

Staff expects to issue the RFP at the end of the month. Staff will then perform outreach efforts and advertise the RFP. A site visit will be offered in April. Deadline for proposals will be in July. Staff will return to the Commission in August for a recommendation of the selected development team. Staff will enter into a period of exclusive negotiations and will bring back the lease to the Commission for their final approval. Staff expects to coordinate the construction of the restaurant with the Mid-Embarcadero Roadway Project.

Commissioner Brandon requested that once the proposals are submitted, she would like to have the top three contenders be brought back to the Commission for final review.

Ms. Fei Tsen commented on the process that staff is using not only for this project but also for the Pier One project and future RFPs. Staff expects to issue at least five or six proposals this calendar year. The Port will set up a panel who may consists of Port staff and outside staff who will review the proposals and evaluate them. The Commission will be involved in the process and the Commission will make the final decision.

Commissioner Brandon requested that the top contenders make a presentation to the Commission in order to assist them in making a decision to award the exclusive right to negotiate with the Port.

Legal Counsel Noreen Ambrose opined that there is an issue about identifying just the top two or three proposers. When evaluating proposals, there might be a possibility that five proponents would result in a dead heat. She suggested that the Commission would perhaps indicate that they would like to see those proposers in the competitive range. The Legal Counsel offered to discuss the evaluation process in detail with Commissioner Brandon.

Commissioner Brandon made a motion to have the top contenders brought before the Commission for their review and approval prior to staff entering into exclusive right negotiations.

Commissioner Lee inquired about the selection process. Ms. Tsen replied that the standard process, which may vary depending on the project, is that staff assembles a selection panel comprised of either Port or Mayor staffs or outside consultants and the selection panel reviews and recommends the final candidates. The selection panel would then make a recommendation to the Port Director. The selection panel's recommendation would then be brought to the Commission for their approval. Ms. Tsen suggested that the Commission might want to discuss who should comprise the selection panel. The selection criteria is spelled out in the RFP.

Commissioner Lee indicated that in the past, the panel makes the selection and staff recommends the winning proposal to the Commission. The Commission would then evaluate staff's recommendation and make a decision whether they agree with staff's recommendation. Ms. Tsen concurred with Commissioner Lee that the Commission, in fact, gives the final approval. If the recommendation is one that the Commission does not approve, it can instruct staff to go back and review the other proposals further. Ms. Tsen indicated that the selection committee could also be comprised of a subset of the Commissioners, an opportunity for the Commission to be involved in the selection process.

Commissioner Brandon emphasized that those contenders in the final stage be

brought back to the Commission for a decision. She's concerned that the Commission only sees one proposal. She would like to see a variety of submitted proposals in order for the Commission to be able to make a choice on which one the Commission feels is the best developer for the site. She again requested that the top contenders be brought back to the Commission. Ms. Tsen stated that if this is the Commission's desire, it would be best for the Commissioners to be involved in the selection process so they do not duplicate the efforts. Commissioner Brandon emphasized that the Commission will not duplicate the efforts. Staff will perform the preliminary analysis, the selection panel will make the recommendation and the recommendation will be presented to the Commission for their review and approval.

After further discussion, Legal Counsel Noreen Ambrose opined that if the Commission will be ranking the finalists, certain procedures have to be adhered to in terms of ensuring fairly established criteria by which the Commission will judge the finalists. She added that Commissioner Brandon is proposing a two-tiered process wherein staff would essentially review all the proposals, identify a group of finalists and the Commission would conduct the final evaluations. Since this procedure has not been done before, Legal staff and Port staff will work with the Commission to establish the criteria for the interview to ensure that everyone is given an equal opportunity to present their proposal and to be judged by the same criteria as before. This process will have to be set up as either a workshop or some other agendized public hearing. Both Legal and Port staffs will work with the Commission and memorialize the procedure.

Commissioner McCarthy inquired if other City Commissions conduct workshops with their Commissioners. Legal Counsel Ambrose replied that the Airport and the PUC also put out commercial leases. Port staff will check with them about their past experience on this matter.

Commissioner Lee stated that due to the recent adoption of the Waterfront Plan, more RFPs are expected to be issued. He concurred with Commissioner Brandon that the Commission is not involved enough in the process. As a public body, the Commission is obligated to set up a fair and open process to evaluate the proposals. He suggested working with staff and the City Attorney's office to establish a process of getting the Commission more involved so that they are aware of the process and can change it if it is not acceptable.

Ms. Tsen stated that staff certainly welcomes the Commission's and the public's involvement in the process. The RFPs are new to the Port after having the moratorium in development lifted. She noted that it is important to have a process that is fair, equitable and understandable.

Commissioner McCarthy reiterated Commissioner Brandon's request of having the top contenders make a presentation to the Commission. In the meantime, Commission will work with staff and the legal counsel regarding the process for this particular project as well as future Port projects.

Commissioner Brandon and Commissioner Lee volunteered to work with the legal counsel and staff regarding this matter.

Legal Counsel Ambrose indicated that the resolution be amended as follows: Add, "Be it further resolved that the Commission requests that the finalists in the process be presented to the Commission for their review and approval; and, be it further resolved that the Commission will work with staff to identify the procedures for that process."

ACTION: Commissioner Lee moved approval of the resolution as amended; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 98-27 was adopted.

6. FACILITIES & OPERATIONS

A. Informational Presentation on the Port's compliance with the San Francisco Administrative Code Chapter 12D with regard to MBE/WBE participation goals.

Mr. Alex Lee, Director of Facilities and Operations, indicated that at the February 24, 1998 meeting, Vice President Brandon expressed her concern about the Port's compliance with San Francisco Administrative Code Chapter 12D. Among her concerns were that the Port is not meeting HRC's published MBE/WBE participation goals and that the Port had few, if any, contracts with Black owned firms acting as the prime contractor. The Commission asked to calendar this matter as an item on the March 10, 1998 Commission meeting, at which time staff will present a report on the Port's contracting statistics with MBE/WBE firms over the past two years. Commissioner Brandon also requested: (1) a presentation on the Port's outreach efforts to the minority community; (2) a report by the HRC addressing the Port's compliance with Chapter 12D; (3) recommendations for improved outreach by the Port; and (4) an opportunity for public testimony from the minority community concerning their contracting experiences with the Port and their opinion of the Port's outreach efforts.

Mr. Lee remarked that the Port participates in various Citywide MBE/WBE outreach sponsored by the City Purchaser and also professional organizations such as the American Institute Architects. Mr. Rob Lim, Senior Civil Engineer, manages contracting process for the Facilities and Operations Division. Under Mr. Lim's direction and in working with Port and HRC staff, the Port of San Francisco was designated as the most improved department by HRC in May 1997. Also in May 1997, Mr. Lim was awarded the outstanding award for best supporting staff by HRC, the friends of HRC and the MBE/WBE business community for his outstanding contribution to San Francisco's MBE/WBE program. Mr. Lim shared the award with Mr. Emilio Cruz, General Manager of Muni and Harlan Kelley, Dept. of Public Works Deputy Director and City Engineer. Mr. Lee emphasized that staff recognizes that all programs could be improved and staff is committed to

making this program a success, will listen to the public testimonies and make the necessary improvements suggested within the City's contracting program.

Mr. Lim, Senior Civil Engineer, reported on the Port's contracting program, MBE/WBE outreach and participation. He presented the following: (1) summary of the Port's contracting activity; (2) Port's contracting process; (3) overview of our outreach program; (4) summary of the results.

With regard to the summary of contracting activities, staff looked primarily at engineering contracts because it has a vast majority of the Port contracts. Contracts awarded from 1996 to the present were reviewed. Over that time span, the Port Commission has awarded 20 construction contracts valued at $16.6 million. The Port Commission awarded 10 architectural and engineering contracts valued at $1.8 million; for a total of 30 contracts valued at $18.4 million dollars.

Mr. Lim noted that construction contracts are low bid or low price based. Architectural/Engineering (A/E) contracts or professional services contracts are more qualifications and negotiations based.

In the construction contracts, the Port establishes the subcontracting goals approved by the Port Affirmative Action Officer and HRC. The Commission approves the advertisement of the construction contract. It is advertised in various media and other methods. A pre-bid conference is conducted and the bid is evaluated by looking at its responsiveness by its low bid. On professional services contracts, subcontracting goals are also established, which are approved by HRC and the Affirmative Action Officer. Commission approves the advertisement of professional services contract. It is advertised, a pre-proposal conference is conducted and a panel selection is established. Staff ensures that there is diversity in the panel and ensures that is a fair process.

With regards to the Port's outreach program, staff utilizes a comprehensive approach and takes the following actions:

- Advertise in the official City-contracted newspaper, the San Francisco Independent.
- Advertise in the Small Business Exchange magazine.
- Advertise in the City Purchasing Department's Bid and Contract Opportunities newsletter and website.
- Advertise in the Northern California Construction Bulleting (construction contracts only).
- Advertise in the Daily Pacific Builder, a widely used resource for the construction industry.
- Send free Request for Proposals to community and minority agencies which include the following: African American Contractors Association, Asian, Inc. Bayview Hunters Point Builders Exchange, Business Development Inc., Hispanic Contractors Association and the Minority Small Contractors Library.

- Send RFQ at no charge to several minority and community based agencies.
- Direct mailing of the Invitation for Bids Notice and Request for Proposals to all pertinent HRC certified and registered companies.
- Direct mailing of the Invitations for Bids Notices and the Request for Proposals Notice to all companies listed in the department's mailing list using the HRC directory..
- Conduct pre-bid conferences for construction contracts and pre-proposal conferences for professional services contracts.
- Make available Port and HRC staff to assist the M/WBE community regarding contracting matters.

In addition to the above, Port staff attends City sponsored and M/WBE community sponsored events.

Mr. Lim noted that of the 30 construction contracts, 26 contracts were awarded to prime companies. Out of the 26 primes, there were 5 MBE/WBE joint ventures and 10 MBE/WBE primes. The total prime dollars awarded were over $7 million. MBE/WBE prime dollars were about $3.7 million. The percent participation by dollar value was 52 percent.

Of the 10 A/E contracts, 11 contracts were awarded to prime; out of the 11, one is MBE/WBE Joint ventures; 6 are MBEs; 8 out of the 11 primes are MBE/WBEs; which makes 73% of the primes are MBEs. The total prime dollars on AE contracts, over $900,000. MBE prime dollars $731,000. The percent participation by dollar value was 81 percent. This indicates that the Port has achieved a measure of success and it also indicates, from the agency's standpoint, that the Port is fulfilling its responsibilities as called for in the ordinance. Staff continues to look for ways to improve its program and processes. Mr. Lim added that there is always room for improvement.

He mentioned about the following upcoming opportunities at the Port:

- Downtown Ferry Terminal Project valued at $13-14 million
- Downtown Ferry Terminal Construction Management Services
- Pier 52
- Pier 47A
- Hyde Street Harbor

Mr. Alex Lee acknowledged and thanked Alice Herndon, Port Human Resources Division, and Carmen Smith, HRC Representative, for their assistance in preparing the presentation.

Preston Tom, HRC Representative, indicated that at the previous meeting Commissioner Brandon requested HRC to give specific recommendations to Port staff to improve its outreach to minority and women owned businesses. Since the last Commission meeting, he has met with Port staff on a couple of occasions and reviewed the Port's outreach

efforts, outlined in Mr. Lim's presentation. Those outreach efforts are basically what's called for in Chapter 12D. To increase minority owned business utilization, Mr. Tom recommended that Port staff send advertising notices, in addition to the journals that Mr. Lim stated, to community based newspapers such as the Sun Reporter, Asian, Inc. and a number of others. He also recommended that the Port hold workshops to assist minority owned businesses prior to the pre-bid conferences so that MBEs can get to know Port contracting staff and feel comfortable working with them. He suggested that other City departments could be in attendance as well to inform businesses on how to do business with the City. These workshops could be effective to let small businesses know that opportunities are coming up and they can plan sufficiently in advance to submit their contracts. HRC staff has also worked with Port staff on upcoming projects under the Waterfront Plan. Port staff is looking to negotiate with developers a plan similar to the one negotiated with the Giants for the construction of the Pac Bell Ballpark where they undertake to utilize certain percentage of MBEs for design, construction and Port's leases. Mr. Tom indicated that HRC staff is available to provide assistance and advice to the Port and would be delighted to meet with the Commissioners as well.

Commissioner McCarthy acknowledged Supervisor Amos Brown and Lynette Sweet's presence.

Charlie Walker, President of the Bayview Hunters Point Builders Exchange & American Truckers Association, indicated that in the presentation, it was obvious that African Americans were not represented. He noted African Americans' participation in every walk of life. They are still the last hired, the first fired and received less of everything. They received less than 3% benefit from every walk of life. There has never been a program created to help African American people. The report shows that the Port has not given the African Americans a contract. African Americans' participation in the City is also minute. The Airport has the worst record in terms of African Americans' participation. He came to the conclusion that, as a result of slavery, the backlash of it is still existing. The African Americans cannot get into the mainstream of things because they don't have the investment capital. He wondered if some type of mechanism be put in place to include them. He indicated that African Americans can fight for and die for our country but our country cannot figure out a way for African Americans to participate in the wealth of the country. Something is erratically wrong when African Americans, in 1998, cannot get a contract in San Francisco. African Americans keep coming back because they have faith in a society, in a country that keeps evading them. Not one of his contractors or truckers has received any contract at the Port. Mr. Walker stated that the Port is not moving in the right direction and suggested that it take a different approach.

Harry Jamerson, of Jamerson Construction, indicated that he bid on two Port contracts but was denied either one of them. One of the contracts was valued at $2,500 but the Port required $1 million insurance from the contractors. The other contract was valued at $27,000. He observed that most of the Port's contracts belong to out of town contractors. He commented that the report was not realistic – the African Americans' participation was not mentioned. An African American contractor has never been awarded a contract at the Port even though the Redevelopment Agency has given them a

good recommendation for a job well done. HRC has not given them any support, as well as Muni and the Airport. He indicated that they do not get any support from City agencies.

Commissioner McCarthy inquired about the time period that Mr. Jamerson bid on the contracts. Mr. Jamerson replied that he submitted the bids around 1996.

Sam Kwong, architect of a small, local minority owned firm, indicated that he is one of the successful contractors at the Port. He indicated that he adheres to and is committed to the Chapter 12D program. As part of his contract with the Port, his firm has used subcontractors from the minority and women business communities.

Commissioner McCarthy inquired how many times Mr. Kwong applied for a contract at the Port. Mr. Kwong replied that he applied twice as a prime and was successful once and was successful as a subcontractor since that time.

Supervisor Amos Brown indicated that he comes not as an adversary but as a friend and a public servant. A public servant who is concerned about fairness, equity, parity for all San Franciscans. In 1964, people begun to look at what was happening in the City, continue to talk about it, evaluate it in terms of race relations and opportunities for African Americans and other minorities. Out of that history of discussion emerged a document that was overseen in its development by the Human Rights Commission at the suggestion of the NAACP. The document is called the Unfinished Agenda. It was released by the former Mayor Jordan's administration. Since then, it's been on the shelf, still collecting dust. Supervisor Brown indicated that the summary of what's in there is the poetic expression of Langston Hughes. He indicated that economic democracy does not exist for African Americans in this town. Several years ago, the Redevelopment Agency performed its own self-study where they admitted that they wronged the African American community and if they had to do it over again, won't do it as they did. He stated that it is one thing to admit they're wrong but it's another to say they're sorry. The question is how do you show fruits of repentance. The Commission ought to hear the message. He appealed to the Commission that they don't make it a paralysis or analysis. There is no need to do more analysis. We need to have the fortitude, the forthrightness and the determination to make the plan work. There are able African American contractors, include them.

Supervisor Brown stated that 53% of African Americans are in church every Sunday morning. This is a City that knows how to do it and really can produce. We have to move on beyond this impasse and have a focused conversation and go about a "do-it" mentality and not hide behind these graphs and statistics. He appealed and besieged the Commission to do the right thing to help the African Americans catch up. The African Americans are the missing piece of the puzzle. The quality of the picture of San Francisco cannot be completed until they are included to give their elegance, their color, their integrity, their sense of work ethic, their sense of accountability and responsibility.

Beverly Pryor, owner of Beverly Pryor Architects, shared her successful experience as a

woman owned firm with the Port of San Francisco. Her firm was awarded the Pier 48/Pier50 new maintenance facility contract. Her firm is a joint venture with a minority owned firm. It was the first time both them have submitted a proposal to the Port. They are both firms with fewer than 20 people. For the Port to select two smaller firms as a joint venture partner was a statement of the Port's trust as well as their commitment to the minority and woman owned business outreach program. They found out about the project through the direct mail as well as through the City & County of San Francisco newsletter. For them, the publication is a fantastic source of information. Her experience of both the processes, submitting to the City and going through the interview process, was very demanding but felt it to be fair. The job at the Port was a great opportunity for them to build their firms and take it to the next level.

Fred Jordan, of F.E. Jordan Associates, Inc., indicated that the first thing the Commission should do is set a policy. The Commission is articulating the issue and inviting people to come in and give them counsel. If the policy is serious, all types of people will come, including African Americans. He spoke about what Commissioner Brandon was trying to emphasize. It is a common practice to bring before the Commission a ranking of firms and the Commission can make a decision. It is an opportunity for the Commission to see those firms on the shortlist. Any firm that makes the shortlist can do the job. Staff has to acknowledge and recognize that a glitzy proposal perhaps submitted by a large firm is not particularly the team that can do the best job. They performed a number of Port projects in the past. They were successful because there was a policy in place and staff made it happen. He suggested that the Commission establish an advisory council. He also recommended a networking session such as pre-proposal conferences or workshops, direct mailing and communications. The Commission can make it happen, it this policy is taken seriously.

Harry Overstreet, of Gerson & Overstreet Architects, indicated that outreach is not the problem. The chart indicates that the Port is in compliance with its outreach efforts. He thought it was insulting to have a report on minority involvement and not have a diversity chart. He thought that it was quite obvious that African Americans feel that the Commission does not care about them. He asked the Commission to ask staff what the breakdown of the 82% minority participation. He was pleased to see his colleagues have gotten projects at the Port. However, San Francisco who strives on diversity should have its diversity represented in the contracts. He indicated that he does not apply for Port projects because some years ago someone voted against him, someone who did not interview him. He has been doing business in this City for 30 years and has yet to do his first project for the Port despite his many attempts. He was glad to see this meeting occurring at the end of the day instead of its usual morning sessions. He felt that the Port has no a desire to provide an opportunity for African Americans to participate in the development of the Port. The Commission, because it is a public body, does not have the nerve to execute and insist that African Americans receive a portion of the work. The Port finds a way to hire everybody else it wants to hire. Under the A/E contracts, it is impossible for African Americans to do all the work but the question is do they have the right to participate. He believes they do. The Commission sets the policy and staff carries it out. If the Commission has not set up the policy, staff cannot carry it out.. If a policy is

set and staff does not carry it out, staff should be fired. He supports 12D and will always support 12D. It is the policymaker who has to have the nerve to step up to the plate. If the Director does not want to do what the Commission wants to do, get a new director because when the Mayor does not do what the City wants to do, they get a new Mayor.

Earl White, President of the San Francisco Black Chamber of Commerce, indicated that the chamber speaks for and helps members of the African American community get a level playing field. Listening to the successful bidders at the Port reminded him of his childhood. He was born in Oklahoma. When he got on the bus, he had to go behind the sign that says "colored." Looking at the charts and statistics, it appears that the people in the front of the bus are getting chosen for contracts. The people at the back should nowadays receive part of the action. He thought the presentation was not very good. San Francisco Black Chamber has never received any information about any contracts from the Port. He indicated that not all Port contracts are A/E and construction. The Port does more than that. He was a subcontractor with Oracle Corporation on a Port project approximately three years ago. It was a computer-based contract. It had nothing to do with A/E or construction. It was never finished because the Port ran out of money.

Mr. White stated that the last time he was at the Port was during the Commission of Economic Equity meeting. At the meeting, the former executive director Dennis Bouey told the Commission on Economic Equity that he was going to set some goals at the Port. He referred to Mr. Bouey's dreams of economic equity and setting goals. Mr. Bouey was going to use the San Francisco Airport's goals and policies as a possible way for the Port to come up to snuff in terms of dealing with the minority community. Mr. White was concerned that minorities could not get any leases at the waterfront. He indicated that the leases are so long that he would rather sell his lease than go out of business. A lot of things are going on at the Port that does not have anything to do with A/E and construction. He suggested integrating the whole thing and getting the minority contractors involved and following what Mr. Bouey started. He suggested that the Commission sensitize itself to the needs of the people on the back of the bus.

Jerry Johnson, Publisher of the Small Business Exchange, stated that they publish the bids and proposals not only from the Port but also from other City agencies. They are an adjudicated newspaper accepting public and legal notices. They have an excellent outreach organization. In the mid-70's the Asians, Hispanics and African American contractors association got together and forced the city and various agencies including corporations to adopt policies to include minority and women businesses, which they were successful. All of a sudden, there were apart. African Americans, two years running, have no Port contracts. This is a situation that can be remedied. He thinks that Asians, Hispanics and African American contractors need to get together to discuss this situation and find ways and means to alleviate it. Fred Jordan's recommendation is an excellent one. He and Fred participated in an advisory council at the Dept. of Corrections and Dept. of Transportation and General Services in Sacramento. They have the same problem but was able to solve them. The idea of an advisory council consisting of four or five people that would analyze the situation and make some recommendations is an excellent one. Some of the recommendations would be is to find out who bid on the contracts, how often do African

Americans bid, what happened to their bids and have a consultation. Staff ought to be able to track that bid information. He recommended the Commission accept an advisory council to the Port to track the bid process.

Leon Thibeaux, Enterprise Zone, indicated that Commissioner Brandon had a request but there was a failure to communicate. He suggested looking at the breakdown of the contracts in terms of diversity. Everybody deserves an opportunity. The nonsense has to stop and only the Commission has the power to change that.

Myles Stevens, Consulting Architect and S.F. Black Chamber of Commerce, talked about his industry. He provided the Commission a list of 15 Port projects that he bid on. He indicated that he has a track record of failure, which shows the Port's record of not hiring African Americans. The total cost to him to prepare the proposals was $28,700, which resulted in two contracts with the Port, both of which were stopped. They got paid some but not all. They were finalists for most of the Port contracts. When Port staff debriefed him, he was informed that their firm was not quite what they're looking for. They have been successful with Bart, Airport, School District, Bank of America and others but not so at the Port. He thinks something is wrong with the Port because the selection panel keeps saying their firm is just not quite it. The selection panel is looking for a different kind of company profile they would to hire. Mr. Stevens noted that the selection panel is a barrier. Until the Commission sensitizes those channels, nothing's going to change for the African Americans. They have done the job, have a track record, and could perform just as good or better a job.

Commissioner McCarthy inquired about the selection panel that Mr. Stevens alluded to in his remarks. Mr. Stevens replied that the panel consists of professional engineers/architects who design buildings, roadways, or structural systems or seismic analysis that the chief engineer puts together to evaluate the proposals. He noted that until the selection panel changes, nothing is going to change for African Americans.

Shala Davoudi, owner of Elite Reprographics, attempted to get some work from the Port and was told that reprographic work follows the City contract, i.e. whoever the City chooses to contract with, the Port utilizes the same contractor. However, she was told by City Purchasing that the Port could put aside a small blanket of money for purchase order and use other firms. Ed Lee, the City Purchaser, also gave her a good recommendation but was mistreated by an Engineering employee that she gave up attempting to get jobs at the Port. She was delighted about the open forum and hoped that the Port opens some doors.

Commissioner McCarthy thanked everyone for attending the meeting and providing their comments.

Commissioner Brandon indicated that the meeting was very successful despite the Port's lack of outreach. She intends to come up with strong recommendations on how to make it better dealing with the Port. She asked that the speakers leave their address and phone numbers so that they can be added on the Port's mailing list and can be contacted in the event that the Commission decides to set up a task force or an advisory council. She

thanked everyone for speaking and sharing his or her experience.

Commissioner McCarthy thanked Commissioner Brandon for having this issue brought before the Commission and having a public hearing.

7. PLANNING & DEVELOPMENT

A. Approval of the updated Master Agreement for federal-aid projects between the Port of San Francisco and the State of California Department of Transportation. (Resolution No. 98-26)

Mr. Paul Osmundson, Director of Planning and Development, indicated that over the past several years, the Port has successfully applied for and received a number of federal transportation grants through Intermodal Surface Transportation Efficiency Act ("ISTEA"). The projects for which these grants have been awarded include the Downtown Ferry Terminal Project, the Ferry Building Renovation Project, and the Pier 47A Retrofit Project.

As a condition of receiving the grant funds, the Port must enter into a Master Agreement with Caltrans that outlines procedures for expenditure of the funds and maintenance of any facilities constructed with the funds. The agreement includes items such as project administration, rights of way, management and maintenance of property, fiscal provisions, retention of records and audits and federal lobbying activities by any contractors or consultants paid with grant funds. In addition, the Master Agreement requires the Port to indemnify and hold the State harmless for certain activities. The resolution authorizes the Port's Executive Director to forward the agreement to the Board of Supervisors for approval and to execute the agreement.

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 98-26 was adopted.

8. FINANCE & ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

At 5:53 a.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

B. CLOSED SESSION

1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Pier One
Person Negotiating:
Port of San Francisco: V. Fei Tsen, Director of Real Estate & Asset Management

An executive session has been calendared to instruct the real estate negotiator with respect to responses received for the Request for Interest and Qualifications to Master Lease and Develop Pier 1 for Maritime-Related Office Uses. This is specifically authorized under California Government Code Section 54956.8.

b. Property: Port property located at Pier 90/92
Person Negotiating:
Port of San Francisco: V. Fei Tsen, Director of Real Estate & Asset Management
*RMC Lonestar: Eric Woodhouse, Executive Vice President

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real estate negotiations between the Port and RMC Lonestar regarding Port property located Pier 90/92. This is specifically authorized under California Government Code Section 54956.8.

c. Property: Ferry Building
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development

An executive session has been calendared to instruct the real estate negotiator regarding authorization for preparation of Request for Proposal. This is specifically authorized under California Government Code Section 54956.8

2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matters pursuant to subdivision (a) of California Government Code Section 54956.9 (2 cases)

(1) Castellino Electric v. Ronald Hitch, et.al.; San Francisco Superior Court No. 988877
(2) Nancy Smith Construction v. the Samos Restaurant, et.al.; San Francisco Superior Court No. 992001

b. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (1 case).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

At 9:00 p.m., Commissioners McCarthy, Brandon, Hardeman and Lee returned from executive session. Commissioner Herman left at approximately 8:00 p.m.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 9:02 p.m.

M Miranda
Commission Secretary

SAN FRANCISCO
PORT COMMISSION

REGULAR MEETING
4:00 P.M., TUESDAY, MARCH 24, 1998
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

DOCUMENTS DEPT.
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1. **ROLL CALL**

2. **APPROVAL OF MINUTES** – March 10, 1998 Meeting

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

   A. Approval of Foreign Trade Zone Operating Agreement and Lease with Big "C" Traders for Pier 19/23. (Resolution No. 98-28)

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Approval of Muni Metro Term Sheet and Authorization to Enter into Option to Lease for the Western Pacific Site, located adjacent to Pier 80 between Illinois, 25th and Cesar Chavez Streets. (Resolution No. 98-29)

6. **FACILITIES & OPERATIONS**

7. **PLANNING & DEVELOPMENT**

8. **FINANCE & ADMINISTRATION**

9. **CONSENT CALENDAR**

10. **NEW BUSINESS / PUBLIC COMMENT**

    Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Pier 54
Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.
*Crowley Maritime: Al Zurawski

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between Crowley Maritime and the Port regarding Port property located at Pier 54.

b. Property: Port property located at Pier One
Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.

An executive session has been calendared to instruct the real estate negotiator with respect to responses received for the Request for Interest and Qualifications to Master Lease and Develop Pier 1 for Maritime-Related Office Uses.

c. Property: Port property located at Seawall Lot 344
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*American Storage Unlimited: Philip Scott Ryan

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between American Storage Unlimited and the Port regarding Port property located at Seawall Lot 344.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case)

- CICO-R&W v. CCSF, San Francisco Superior Court No. 989-618.

b. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

MEMORANDUM

March 18, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. James R. Herman
Hon. Frankie Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approval of Lease and Operating Agreement with Big C Traders, Inc., a California Corporation, for Lease of Pier 19/23 for operation of the Port's Foreign Trade Zone #3.

DIRECTOR'S RECOMMENDATION: APPROVE LEASE AND OPERATING AGREEMENT

BACKGROUND

Foreign Trade Zone Services. Inc. ("Tenant") has operated the Port's Foreign Trade Zone at Piers 19/23 under a management agreement with the Port since 1977. Their current management agreement commenced on April 1, 1988 and terminates March 31, 1998. On February 4th 1998, the Port Commission approved an assignment of the remaining term of the Management Agreement to Big C Traders, Inc. At the time of the assignment, Port staff was discussing a new five-year management agreement with Big C Traders Inc. Staff has concluded these discussions and this item asks for Port Commission approval of a new five-year lease and operating agreement of Foreign Trade Zone No.3 at Pier 19/23 with Big C Traders, Inc.

Foreign Trade Zone No. 3

The U.S. Congress established Foreign Trade Zones in 1934 to stimulate economic development in communities by providing businesses with facilities for conducting international trade activities. The Foreign Trade Zones Board within the U.S. Department of

Commerce grants designation as a foreign trade zone. Zones must be operated as a public utility and applications are granted to state or local government entities, port or airport authorities, economic development agencies and not-for-profit corporations.

On March 10, 1948 the Port of San Francisco received a Grant of Authority to establish, operate and maintain a foreign trade zone in San Francisco. It was only the third such designation in the country at the time thus earning the designation of Foreign Trade Zone #3.

The current location of Foreign Trade Zone # 3 is at Pier 19 & 23 where it has been under the management of Foreign Trade Services Inc, since 1977. In recent years, Foreign Trade Services has suffered several business reversals causing activity at the FTZ to decline. More recently, Foreign Trade Services has been in arrears in payment of approximately three months rent to the Port in the amount of $ 74,281.04.

Last month the Port Commission approved an assignment of the remaining term of the management agreement to Big C Traders Inc. Big C Traders Inc. is a newly formed company whose management staff consists of successful marketing, import and management executives. They have formulated an exciting business plan aimed at revitalizing San Francisco's Foreign Trade Zone taking advantage of the regions position in international trade and commerce.

Port staff has negotiated terms and conditions of a new five year lease and an separate foreign trade zone operating agreement with Big C Traders Inc. for operation of Foreign Trade Zone No.3 at Pier 19/23 for Port Commission review.

Term and Conditions of Proposed Lease

Term

Five Years commencing on April 1, 1998 and terminating on March 31, 2003.
The lease contains a renewal option that can extend the term of the lease for an additional five-year term provided that Port believes that the Tenant has performed its responsibilities under the lease and operating agreement satisfactorily. Terms and conditions of the option period will be negotiated prior to the end of the initial term.

Premises

Approximately 303,325 square feet of the pier space of Piers 19 and 23.

Base Rent

Year 1	$19,051.86 per calendar month
Year 2	$26,780.00 per calendar month
Year 3	$40,170.00 per calendar month
Year 4	$53,560.00 per calendar month
Year 5	$62,486.00 per calendar month

Permitted Use
The premises shall be used at all times during the term of the lease to conduct a Foreign Trade Zone under the duties detailed in the operating agreement. Additionally, customs bonded warehousing activities and administrative offices necessary for the day to day management of a foreign trade zone are permitted.

Maintenance and Repairs
The tenant shall at its sole cost and expense maintain and repair the non-structural portions of the premises beginning at the surface of the ground floor, including but not limited to utility fixtures, roof repairs (excluding full roof replacement) roof drains, skylights, windows, roll-up doors, heating, air conditioning and ventilation fixtures, fencing, floors and floor coverings and ceilings.

Assignment and Subletting
The Tenant may sublease portions of the facilities under rates detailed in Port of San Francisco Foreign Trade Zone No. 3 Tariff No. 4. for uses in accordance of a Foreign Trade Zone or bonded warehousing operation. Subletting is not allowed for other activities without the written consent of the Port Director at his or her sole discretion.

Term and Conditions of the Operating Agreement

Use
Big C Traders shall make the foreign trade zone at the zone site available to all qualified persons or firms on reasonable terms. All uses shall be consistent with the purpose and intent of Foreign Trade Zone No.3 to expedite and encourage foreign commerce. Big C Traders shall require all zone users to enter into written agreement detailing all prospective uses and detailing all terms for prior approval of Port.

Authority
The Port grants Big C Traders for the term of the lease the authority to operate foreign trade zone activities at the Zone Site and may advertise its operation as the San Francisco Foreign Trade Zone No.3.

Rates
The agreement shall be subject to the rates, term and conditions of Port of San Francisco Foreign-Trade Zone No.3, Tariff No.4

Promotion of Zone Site
Big C Traders as operator shall conduct marketing and promotional activities to increase use of the Zone.

Other Foreign Trade Zones or Subzones
The Port retains the right as grantee to apply for, activate, operate and contract with other operators for other subzones, annexes or extensions to Foreign Trade Zone No. 3 or to establish such other foreign trade zones or bonded warehouses.

Annual Administrative Charges
Big C Traders in addition to their monthly rent shall pay to the Port an annual fee of $5,000.00 to cover Port administrative charges.

Mandatory Operator Training
Big C Traders staff shall attend annual mandatory professional foreign trade zone training each year.

Reports
Big C Traders shall prepare and submit required annual reports to the Foreign Trade Zone Board, U. S. Customs Service and the Port.

Conclusion

This proposed lease and operating agreement offers the Port of San Francisco an opportunity to revitalize the City's Foreign Trade Zone. Big C Traders Inc has presented the Port an exciting business plan that will give local companies involved in international trade another tool to expand their business. Economically, the new lease significantly increases the revenues the Port has derived from the premises in the past. From an operating standpoint, the new operating agreement gives the Port more control than currently exists in making sure that use of the Zone is consistent with the purpose and intent of Foreign Trade Zones.

Prepared By: Peter A. Dailey, Maritime Director

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-28

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of San Francisco; and

WHEREAS, under Charter Section B3.581(g) leases granted or made by the Port Commission shall be administered exclusively by the operating forces of the Port Commission; and

WHEREAS, Foreign Trade Zones were established to stimulate economic development in communities by providing business with facilities for conducting foreign trade; and

WHEREAS, in 1948, the Port of San Francisco received a Grant of Authority from the Foreign Trade Zones Board within the U.S. Department of Commerce to establish, operate and maintain a foreign trade zone in San Francisco; and

WHEREAS, the Port has authorized Foreign Trade Services, Inc. to be the operator of the Port's foreign trade zone, pursuant to a management agreement dated December 16, 1987, as amended; and

WHEREAS, the Port Commission approved a assignment of the remaining term of the management agreement with Foreign Trade Services, Inc to Big C Traders Ltd. on February 10th, 1998; and

WHEREAS, Big C Traders Ltd. have formulated an exciting business plan to revitalize San Francisco's Foreign Trade Zone; and

WHEREAS, a new five year lease and operating agreement has been negotiated between Port staff and Big C Traders, Ltd. that significantly increases leasing revenues to the Port while also strengthening the operating requirements of the foreign trade zone operator; and

WHEREAS, Port Commission approval is being sought for the lease and operating agreement with Big C Traders Ltd. to operate the Port's Foreign Trade Zone at Pier 19 & 23; now therefore, be it

RESOLVED, that the Port Commission hereby approves the lease and operating agreement with Big C Traders Inc., on terms set forth in the memorandum to the Port Commission for this Item 4A, a copy of which is on file with the Secretary of the Port Commission, and hereby authorizes the Executive Director of the Port or his designee to execute documents effecting said lease on behalf of the Port, in such form as is approved by the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 24, 1998.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Telex 275940 PSF UR
Fax 415 274 0528
Cable SFPORTCOMM
Writer

March 18, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie Lee
Hon. James Herman

FROM: Douglas F. Wong
Executive Director

SUBJECT: APPROVAL OF TERM SHEET BETWEEN THE PORT AND THE PUBLIC TRANSPORTATION COMMISSION (MUNI) FOR AN OPTION TO LEASE A 13 ACRE PARCEL OF THE WESTERN PACIFIC SITE LOCATED ADJACENT TO PIER 80, BETWEEN ILLINOIS STREEET, 25TH STREET AND CAESAR CHAVEZ STREET.

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

The Port and Catellus Corporation are parties to the Port Land Transfer Agreement (PLTA), dated as of September 8, 1983. Under the PLTA, the Port agreed to transfer certain Port lands to Catellus in exchange for, among other things, the Western Pacific site located adjacent to Pier 80. Although Catellus terminated the Mission Bay Development Agreement in early 1996, the PLTA remains in effect. Catellus has expressed an interest in proceeding with the transfer under the PLTA.

In the interim, prior to the Port's receiving fee simple title to the Western Pacific site, the Port has leased the property from Catellus pursuant to lease dated March 12, 1996 (Port Commission Resolutions 91-110 and 93-125, and Board of Supervisors Ordinance 52-92). The term of this lease is seven years, at a total rental of $7.00, payable in annual installments of $1.00 per year. Additionally, the Port pays all property taxes, assessments, and utilities related to the property.

The Public Transportation Commission (MUNI) has expressed an interest in leasing 13 acres of the Western Pacific site from the Port, for the purposes of constructing its new MUNI Metro East Maintenance Facility. However, prior to both parties entering into a lease agreement, MUNI must first comply with the California Environmental Quality Act (CEQA) and also needs time to secure financing for the project.

Port staff has negotiated the terms and conditions for the Option to Lease and the basic terms of the proposed Ground Lease for the 13 acre parcel of the Western Pacific site. These terms have been incorporated into a Term Sheet, which is attached hereto as Exhibit A.

Port and MUNI understand and agree that this Term Sheet is not intended to be, and shall not become, contractually binding on either Port or MUNI and no legal obligation shall exist unless and until Port and MUNI have negotiated, executed and delivered a mutually acceptable Option to Lease and Ground Lease, and the San Francisco County Transportation Authority has approved payment of the Option consideration.

The Port Commission is being asked to authorize the Executive Director to execute the attached Term Sheet with Muni, which will set forth the material terms on which the Port would enter into an Option Agreement and Lease for the site. In addition, the Port Commission is being asked to authorize the Executive Director to enter into an Option Agreement for the site on the terms set forth in the Term Sheet, provided that any proposed lease agreement attached as an exhibit to the Option is substantially within the parameters of the Port Commission standard lease form. The final lease agreement will be brought to the Port Commission for approval upon completion of environmental review under CEQA. If the terms of the Option Agreement or lease exhibit deviates materially from the terms set forth in the attached Term Sheet, or Port standard form lease, Port staff will bring the Option Agreement to the Port Commission for approval.

The terms and conditions of the Option to Lease and the basic terms of the Ground Lease are discussed below:

PROPOSED OPTION TO LEASE TERMS AND CONDITIONS

(1) Term of Option: Termination on the earlier of the date that Port and MUNI enter into a lease for the premises, or three (3) years after the effective date of the option.

(2) Option Consideration: During term of the option, MUNI will pay to Port option consideration as follows:

a. From the Effective Date until the date that Port obtains fee title to the Premises: An amount equal to the Port's actual real property tax obligations under its lease with Catellus attributable to the Premises, less amounts Port receives from tenants of the Premises for such real property tax obligations until the Port obtains fee title to the Premises ("Option Tax Payments"). Any Option Tax

Payments made will be credited towards consideration due under the Lease.

The Option Tax Payments shall be made on an annual basis, commencing on the Effective Date of the Option. The parties anticipate the real property tax obligations to be a pro-rata share of the total tax liability for the entire WP Property based upon the size of the Premises, pro-rated each year based on the period during which the Option is effective. The total tax liability for the Western Pacific Property for tax year 1997-98 is approximately $238,000.

b. From the date that Port obtains fee title to the Premises, and monthly until the commencement date of the Lease between Port and MUNI for the Premises: An amount equal to the $0.18 per square foot, as adjusted by the Consumer Price Index. Any option consideration payment made will be credited toward the first Lease payment due.

(3) Right of Entry: MUNI may enter the property to conduct surveys and investigations, provided that it does not materially interfere with operations of Port's tenants.

(4) Conditions to Exercise of Option:

a. Public Transportation Commission, Port Commission and Board of Supervisors approval of lease, after consideration of environmental review documents prepared in accordance with CEQA;

b. Federal Transit Administration approval of Final Environmental Impact Statement and issuance of its Record of Decision;

c. Review and acceptance by MUNI of physical and environmental conditions of the Premises;

d. Delivery of fee title to the property to Port pursuant to the Mission Bay Port Land Transfer Agreement; and

e. Approval of Lease payments by the San Francisco County Transportation Authority, and any other applicable state or federal funding agencies.

(5) Manner of Exercising Option: MUNI may exercise option anytime between February 1, 1999, and 120 days prior to expiration of the Option Term, by giving Port 120 days prior written notice.

(6) Delivery by Port: Port will use its best efforts to evict all tenants in possession within 90 days after MUNI's notice of exercise of Option. However, if Port is unable to deliver possession within 120 days after MUNI's exercise of Option, Port will not be in

default under the Option, and will deliver possession to MUNI as soon as reasonably practicable thereafter.

(7) Port Use of Property During Option Term: Port may rent the property during the Option term on such terms as deemed appropriate by Port, in its sole discretion, subject to Port's obligations to vacate the Premises within 120 days after MUNI's written notice of exercise of Option; provided, however, that (1) tenants in the course of the use of the site do not materially alter the geotechnical and hazardous waste conditions of the site; and (2) MUNI's access to test areas required by MUNI and agreed to by the Port is maintained.

Any interim lease by Port shall contain a provision whereby Port may terminate the lease for any reason upon 90 days' prior written notice. Any consideration received by the Port for interim uses of the Premises will offset MUNI's obligation to pay option consideration by an equivalent amount.

(8) CEQA Compliance: During the Option term, the parties anticipate that the actions and activities that would be necessary to develop the Premises will be identified in order to facilitate meaningful environmental review. If the project is found to cause significant adverse impacts that have not been mitigated, then either party retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts upon mutual agreement of the parties, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project upon mutual agreement of the parties, (3) if the project would create significant adverse impacts that will not be mitigated, or if the parties are unable to mutually agree upon mitigation measures or alternatives that would mitigate such significant adverse impacts, reject the project as proposed if it determines that the economic and social benefits of the project do not outweigh otherwise avoidable significant adverse impacts of the project; or (4) if the project would create significant adverse impacts that will not be mitigated, or if the parties are unable to mutually agree upon mitigation measures or alternatives that would mitigate such significant adverse impacts, approve the project if it determines that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project.

PROPOSED GROUND LEASE TERMS AND CONDITIONS

(1) Premises: Approximately 13 acres of real property located at the Western Pacific site, bounded by Illinois, Cesar Chavez, Louisiana and 25th Streets, as more particularly described in Exhibit B attached hereto.

(2) Use: The construction and operation of the MUNI Metro East Maintenance Facility.

(3) Term: Sixty six (66) years. During the term of the lease, Port will grant MUNI a right of first refusal to purchase the premises if Port elects to sell the premises, or otherwise

transfer jurisdiction to another City Agency.

(4) Rent: During the Option period, the Port and MUNI will determine the payments to be made by MUNI to the Port for the Lease, based on the fair market value of the site, to be determined by two formal appraisals and a review appraisal, all in accordance with Federal Transit Administration and Caltrans regulations.

MUNI will pay Port $10 Million of the Lease payment upon execution of the Lease, less a credit for amounts of option consideration paid. MUNI will pay Port ½ of the remaining Lease payment on the first anniversary of the Lease, and will pay the remaining ½ Lease payment on the second anniversary of the Lease. Any environmental remediation or other credits against the Lease payments will be credited in equal amounts against the 2nd and 3rd Lease payments.

(5) Maintenance: MUNI will be responsible for any and all repair, maintenance and other costs associated with the Premises and the Metro East Facility. Maintenance of the street and utilities constructed by MUNI for Port, and which are not within the Premises, shall be maintained at no expense to MUNI.

(6) Rent Credits/Environmental Remediation: Port will provide MUNI with a credit against the Lease payment for hazardous materials remediation in the amount not to exceed $1,600,000.00.

(7) Renewal at Expiration of Term: At the Expiration of the Term, the parties will enter into good faith negotiations to renew the lease term upon terms mutually satisfactory to the parties.

(8) Utility Installation: To the extent the MUNI Metro East construction precedes or is concurrent with any construction on the eastern portion of the site and to the extent that MUNI installs, or causes to be installed, sewer, water, or PG&E utility lines along 25th Street, then MUNI, at no expense to Port, provided the incremental expense due to construction does not exceed a maximum amount of $200,000, will cause such lines to be extended up to Louisiana Street in such a manner as is able to serve Port's remaining property at the Western Pacific parcel. Port will coordinate with MUNI and the appropriate utility service providers in providing the Port's specifications for its proposed uses. In addition to the $200,000, MUNI will provide design and engineering costs at no expense to Port, to the extent such costs are incidental to design work related to MUNI's use of the Premises.

Prepared by: Mark W. Lozovoy, Senior Property Manager

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-29

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control Port area of the City and County of San Francisco; and

WHEREAS, The Port and Catellus Development Corporation ("Catellus") are parties to the Port Land Transfer Agreement ("PLTA"), dated as of September 8, 1983. Under the PLTA, the Port agreed to transfer certain Port lands to Catellus in exchange for, among other things, the Western Pacific site located adjacent to Pier 80. In early 1996, the PLTA remains in effect. Catellus has expressed an interest in proceeding with the transfer under the PLTA; and

WHEREAS, in the interim, prior to the Port's receiving fee simple title to Western Pacific site, the Port has leased the property from Catellus, pursuant to lease dated March 12, 1996 (Port Commission Resolutions 91-110 and 93-125, and Board of Supervisors Ordinance 52-92); and

WHEREAS, The Public Transportation Commission (Muni) has proposed to deliver the Muni metro East Maintenance Facility on a 13 acre parcel of the Western Pacific site, as shown on Exhibit B attached to the Memorandum of Agenda item - for the March 24, 1998, Port Commission meeting (the "Muni WP Site"); and

WHEREAS, Muni has requested a three (3) year option to lease in order to negotiate the final terms and condition of a ground lease and secure all permits and regulation approvals and environmental review requires under the California Environmental Quality Act (CEQA); and

WHEREAS, the approval of the term sheet and option to lease do not commit Port to enter into a binding lease and no lease will be entered into until environmental review pursuant to CEQA has been conducted and considered by the Commission, and provided further that if the project is found to cause significant adverse impacts that have not been mitigated, then the Port retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts upon mutual agreement of the parties, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project upon mutual

agreement of the parties, (3) if the project would create significant adverse impacts that will not be mitigated, or if the parties are unable to mutually agree upon mitigation measures or alternatives that would mitigate such significant adverse impacts, reject the project as proposed if it determines that the economic and social benefits of the project do not outweigh otherwise avoidable significant adverse impacts of the project; or (4) if the project would create significant adverse impacts that will not be mitigated, or if the parties are unable to mutually agree upon mitigation measures or alternatives that would mitigate such significant adverse impacts, approve the project if it determines that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project; now therefore be it

RESOLVED, That the San Francisco Port Commission, hereby approves the Term Sheet governing the option to lease and ground lease of the Muni WP Site upon the terms and conditions set forth in the Memorandum of Agenda Item 5A for the March 24, 1998 Port Commission meeting, and authorizes the Executive Director to execute the Term Sheet; and be it further

RESOLVED, That the Port Commission authorizes the Executive Director to enter into an Option Agreement for the 13 acre parcel of the Western Pacific site on the terms set forth in the Term Sheet, provided that the form of any proposed lease agreement attached as an exhibit to the Option substantially meets the parameters of the Port Commission standard lease forms as determined by the Executive Director in consultation with the City Attorney.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of March 24, 1998.

_____
Secretary

TERM SHEET
MUNI METRO EAST FACILITY

This term sheet, dated as of _____, 1998, is entered into by and between the Port of San Francisco ("Port"), through its Executive Director, and the Public Transportation Commission ("Muni"), through itsGeneral Manager. This term sheet contains the principal terms and conditions upon which Port is willing to undertake negotiations to lease to Muni a 13 acre parcel of real property located at the Western Pacific Railroad Yard site, bounded by Illinois, Cesar Chavez, Louisiana and 25th Streets ("Premises"), as more particularly described in the Exhibit attached hereto, pursuant to the two documents described below.

I. **Option to Lease:**

Port will grant Muni an option to lease (in a form approved by the City Attorney) ("Option"), the Premises for a term of 66 years. The Option will not commit the Port to enter into any lease for the Premises unless and until there has been complete compliance with the California Environmental Quality Act (CEQA), as described in Section I.I belowThe form of lease will be attached to the Option; however, the form of lease is subject to modification based upon Port's and Muni's review and consideration of the environmental review document as set forth in Section I.I below..

The terms of the Option will be as follows:

A. PARTIES:

San Francisco Port Commission, as Optionor
San Francisco Public Transportation Commission, as Optionee

B. TERM OF OPTION:

Terminating on the earlier of the date that Port and Muni enter into a lease for the Premises, or three years after the effective date of the Option. The effective date of the Option is the date on which the Option is approved by the Port and Muni, and is executed by both parties ("Effective Date"). The Effective Date is anticipated to occur during the second quarter of 1998.

C. OPTION CONSIDERATION:

During the term of the Option, Muni will pay to Port option consideration as follows:

a. From the Effective Date until the date that Port obtains fee title to the Premises: An amount equal to the Port's actual real property tax obligations

EXHIBIT A

under its lease with Catellus attributable to the Premises, less amounts Port receives from tenants of the Premises for such real property tax obligations, until the Port obtains fee title to the Premises ("Option Tax Payments"). Any Option Tax Payments made will be credited towards consideration due under the Lease.

The Option Tax Payments shall be made on an annual basis, commencing on the Effective Date of the Option. The parties anticipate the real property tax obligations to be a pro-rata share of the total tax liability for the entire WP Property based upon the size of the Premises, pro-rated each year based on the period during which the Option is effective. . The total tax liability for the WP Property for tax year 1997-98 is approximately $238,000.

b. From the date that Port obtains fee title to the Premises, and monthly until the commencement date of the Lease between Port and Muni for the Premises: An amount equal to the $0.18 per square foot, as adjusted by the Consumer Price Index, using a base index of the month preceding the Effective Date of the Option. Any option consideration payment made will be credited toward the first Lease payment due.

D. RIGHT OF ENTRY:

Muni may enter the property during the Option term to conduct surveys and investigations, provided that it does not materially interfere with the operations of Port's tenants thereon. Port and Muni will coordinate as early as possible to determine the locations, time frame, and type of testing required by Muni.

E. CONDITIONS TO EXERCISE OF OPTION:

1. Public Transportation Commission, Port Commission and Board of Supervisors approval of lease, after consideration of environmental review documents prepared in accordance with CEQA;
2. Federal Transit Administration approval of Final Environmental Impact Statement and issuance of its Record of Decision;
3. Review and acceptance by Muni of physical and environmental conditions of the Premises;
4. Delivery of fee title to the property to Port pursuant to the Mission Bay Port Land Transfer Agreement; and
5. Approval of Lease payments by the San Francisco County Transportation Authority, and any other applicable state or federal funding agencies.

F. MANNER OF EXERCISING OPTION

Muni may exercise the Option to lease the property anytime between February 1, 1999, and 120 days prior to the expiration of the Option term, by giving Port 120 days prior written notice. After expiration of the 120-day notice period, Muni's obligations to pay any Option consideration will cease.

G. DELIVERY BY PORT:

Port will use its best efforts to evict all tenants in possession within 90 days after Muni's notice of exercise of Option. However, if Port is unable to deliver possession within 120 days after Muni's exercise of Option, Port will not be in default under the Option, and will deliver possession to Muni as soon as reasonably practicable thereafter. If Port is unable to deliver possession due to its failure to evict a tenant or tenants from the Premises within 120 days after Muni's written exercise of option, then commencing on the date that is 120 days after the date of the Option Notice, Port will pay to Muni a monthly penalty fee equal to the Option payment payable by Muni as of the date of the Option Notice, until the earlier of the date that Port delivers possession of the Premises to Muni free of all tenants, or the date that the penalty fees equal all Option consideration previously paid to Port by Muni. Muni will have the right to accept the Premises subject to any hold-over tenants, in which case, Muni will bear all subsequent costs and obligations for evicting such tenants. If Port is unable to deliver possession due to its failure to receive fee title, Port will promptly refund all Option consideration paid by Muni, but will have no further liability.

H. PORT USE OF PROPERTY DURING OPTION TERM

Port may rent the property during the Option term on such terms as deemed appropriate by Port, in its sole discretion, subject to Port's obligations to vacate the Premises within 120 days after Muni's written notice of exercise of Option; provided, however, that (i) tenants in the course of the use of the site do not materially alter the geotechnical and hazardous waste conditions of the site; and (2) Muni's access to test areas required by Muni and agreed to by the Port is maintained. Port shall consult with Muni prior to entering into any interim use for the Premises that could potentially affect the geotechnical and hazardous waste conditions of the site. The parties acknowledge that use of the Premises for

receiving, crushing, storing and distributing demolition concrete and other building materials, and remediation of contaminated soils in compliance with applicable laws, for a period of less than 3 years, is an acceptable interim use. Any interim lease by Port shall contain a provision whereby Port may terminate the lease for any reason upon 90 days' prior written notice. Any consideration received by the Port for interim uses of the Premises will offset Muni's obligation to pay option consideration under Section I.C. by an equivalent amount.

I. CEQA Compliance.

During the Option term, the parties anticipate that the actions and activities that would be necessary to develop the Premises will be identified in order to facilitate meaningful environmental review. If the project is found to cause significant adverse impacts that have not been mitigated, then either party retains absolute discretion to: (1) modify the project to mitigate significant adverse environmental impacts upon mutual agreement of the parties, (2) select feasible alternatives which avoid significant adverse impacts of the proposed project upon mutual agreement of the parties, (3) if the project would create significant adverse impacts that will not be mitigated, or if the parties are unable to mutually agree upon mitigation measures or alternatives that would mitigate such significant adverse impacts, reject the project as proposed if it determines that the economic and social benefits of the project do not outweigh otherwise unavoidable significant adverse impacts of the project; or (4) if the project would create significant adverse impacts that will not be mitigated, or if the parties are unable to mutually agree upon mitigation measures or alternatives that would mitigate such significant advers impacts, approve the project if it determines that the economic and social benefits of the project outweigh otherwise unavoidable significant adverse impacts of the project .

II. GROUND LEASE:

Upon a valid exercise of the Option, and subject to Port's consideration of the environmental review document as described in Section I.I above, Port will lease to Muni a portion of the Western Pacific parcel for a term of 66 years. Unless mutually agreed by the parties, neither party will disapprove the lease for any

reason other than a finding of unmitigated adverse impacts under CEQA pursuant to Section I.I above.

A. PARTIES:

San Francisco Port Commission, as Landlord
San Francisco Public Transportation Commission, as Tenant

B. TERM:

66 years. During the term of the Lease, Port will grant Muni a right of first refusal to purchase the Premises if Port elects to sell the Premises, or otherwise transfer jurisdiction to another City Agency. The purchase price will be equal to the fair market value of the Premises as determined by appraisal, less Lease consideration actually paid to Port by Muni at the time the right of first refusal is offered.

C. PREMISES:

13 acres, western portion of Western Pacific parcel bounded by Illinois, Cesar Chavez, Louisiana and 25th Streets, as more particularly shown on the Exhibit attached hereto.

D. CONSIDERATION:

During the Option period, the Port and Muni will determine the payments to be made by Muni to the Port for the Lease, based on the fair market value of the site, to be determined by two formal appraisals and a review appraisal, all in accordance with Federal Transit Administration and Caltrans regulations.

Muni will pay Port $10 Million of the Lease payment upon execution of the Lease, less a credit for amounts of option consideration paid under Section I.C. Muni will pay Port ½ of the remaining Lease payment on the first anniversary of the Lease, and will pay the remaining ½ Lease payment on the second anniversary of the Lease. Any environmental remediation or other credits against the Lease payments will be credited in equal amounts against the 2nd and 3rd Lease payments.

E. MAINTENANCE:

Muni will be responsible for any and all repair, maintenance and other costs associated with the Premises and the Metro East Facility. Maintenance of the street and utilities constructed by Muni for Port, and which are not within the Premises, shall be maintained at no expense to Muni.

F. RENT CREDITS:

Environmental Remediation: Port will provide Muni with a credit against the Lease payment for hazardous materials remediation in the amount not to exceed $1,600,000.00.

G. RENEWAL AT EXPIRATION OF TERM:

At the expiration of the term, the parties will enter into good faith negotiations to renew the lease term upon terms mutually satisfactory to the parties.

H. UTILITY INSTALLATION:

To the extent the MUNI Metro East construction precedes or is concurrent with any construction on the eastern portion of the site and to the extent that Muni installs, or causes to be installed, sewer, water, or PG&E utility lines along 25th Street, then Muni, at no expense to Port, provided the incremental expense due to construction does not exceed a maximum amount of $200,000, will cause such lines to be extended up to Louisiana Street in such a manner as is able to serve Port's remaining property at the Western Pacific Parcel. Port will coordinate with Muni and the appropriate utility service providers in providing the Port's specifications for its proposed uses. In addition to the $200,000, Muni will provide design and engineering costs at no expense to Port, to the extent such costs are incidental to design work related to Muni's use of the Premises.

Port and Muni understand and agree that this Term Sheet is not intended to be, and shall not become, contractually binding on either Port or Muni and no legal obligation shall exist unless and until Port and Muni have negotiated, executed and delivered a mutually acceptable Option to Lease and Ground Lease, and the San Francisco County Transportation Authority has approved payment of the Option consideration.

Port of San Francisco

By: _____
Douglas Wong, Executive Director

Date:_____

Port Commission Resolution No. _____

Public Transportation Commission

By: _____
Emilio Cruz, General Manager

Date: _____

PTC Commission Resolution No. _

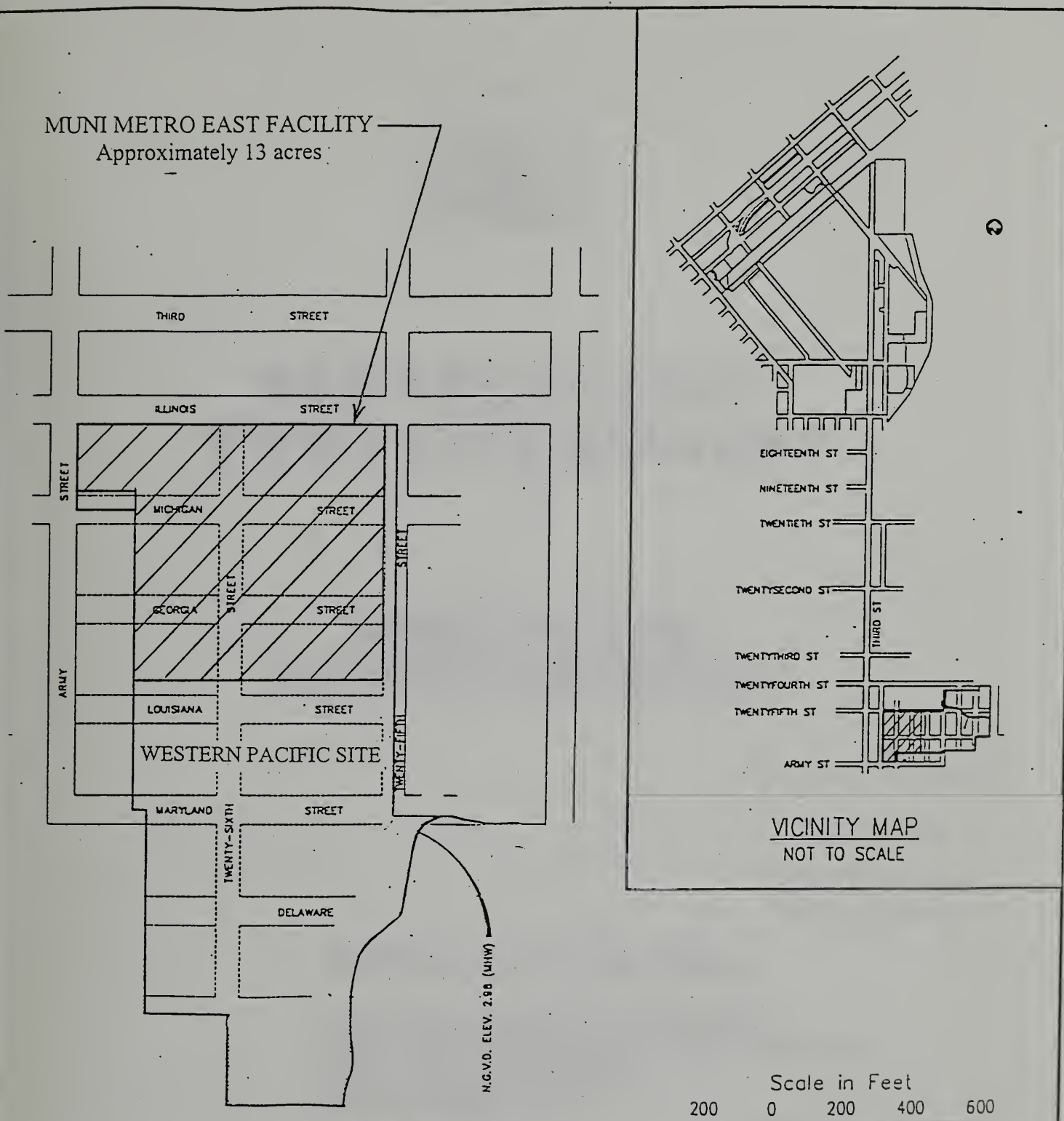

EXHIBIT B

PORT OF SAN FRANCISCO SAN FRANCISCO PORT COMMISSION DEPARTMENT OF ENGINEERING	MUNI METRO EAST FACILITY	IN CHARGE OF: DRAWN BY: DATA FILES: DRAWING NO. DATE: SCALE: 1" = 400' NO. 1 OF 1

SAN FRANCISCO PORT COMMISSION

MARCH 24, 1998
MINUTES OF THE MEETING

DOCUMENTS DEPT.

OCT 0 8 1999

SAN FRANCISCO
PUBLIC LIBRARY

MEMBERS, PORT COMMISSION

HON. DENISE McCARTHY, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. FRANKIE G. LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE MEETING
MARCH 24, 1998

The meeting was called to order by Commission President Denise McCarthy at 4:00 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon and Frankie Lee. Commissioner Hardeman was in union negotiations and could not attend the meeting.

Commissioner McCarthy announced that a motion would be entertained to continue all the items on the agenda to the April 14th Commission meeting. Today's meeting will be adjourned in memory of Commissioner Herman.

On behalf of the Commission and Port staff, Commissioner McCarthy remarked that Commissioner Herman will be sorely missed. The Commission will also miss the eloquence he brought to the Commission meetings. Commissioner McCarthy noted that she has learned a lot from him in the short period of time she's been in the Commission. The City and everyone who loves the waterfront will also miss him. Everyone, who knew him, loved and respected him and, undoubtedly, learned a lot from him too.

ACTION: Commissioner McCarthy moved approval to continue all the items on the agenda to the April 14th Port Commission meeting. Commissioner Lee seconded the motion. All of the Commissioners were in favor.

Commissioner McCarthy announced that the ILWU is organizing a memorial service for Commissioner Herman sometime in April. There will be no funeral services.

Commissioner McCarthy then called for public comments. There being no public comments, Commissioner McCarthy adjourned the meeting in memory of Commissioner Herman. The meeting was adjourned at 4:05 p.m.

SAN FRANCISCO
PORT COMMISSION

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REGULAR MEETING
4:00 P.M., TUESDAY, APRIL 14, 1998
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** – March 10, 1998 & March 24, 1998

3. **EXECUTIVE**

   A. Executive Director's Report

4. **MARITIME**

   A. Approval of Foreign Trade Zone Operating Agreement and Lease with Big "C" Traders for Pier 19/23. (Resolution No. 98-28)

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Informational Report on Pier One Request for Interest and Qualifications Selection Panel recommendation and presentations by the finalists, AMB Property Corporation and Trammel Crow Company.

   B. Informational Report on the leasing activities of the Real Estate and Asset Management Division, major transactions for 1997, and expected transactions for 1998-1999.

   C. Approval of Term Sheet between the Port and the Public Transportation Commission (Muni) for an Option to Lease a 13-acre parcel of the Western Pacific Site located adjacent to Pier 80, between Illinois Street, 25th Street and Cesar Chavez Street. (Resolution No. 98-29)

   D. Adoption of Negative Declaration and approval of sublease for a 152,460 square feet for use as a demolition concrete crushing and recycling facility on a portion of the Western Pacific Site, located adjacent to Pier 80 in an area bounded by Pier 80, Cesar Chavez Street, Illinois Street and 25th Street (Resolution No. 98-35)

6. **FACILITIES & OPERATIONS**

   A. Authorization to award "As-Needed Engineering Services" contracts to Structus,

Inc. and to Olivia Chen Consultants, Inc. (Resolution No. 98-31)

B. Ratification of the March 16, 1998 Declaration of Emergency and the Emergency Contract with Biller-McCoy Builders, Inc. (Resolution No. 98-36)

7. PLANNING & DEVELOPMENT

A. Informational briefing on status of Port Planning & Development Division Projects.

B. Report on status of the Hyde Street Harbor Project and approval of resolution to apply for, accept and expend up to $100,000.00 grant funds from the California Department of Boating & Waterways. (Resolution No. 98-32)

8. FINANCE & ADMINISTRATION

A. Approval of the 1998/1999 Capital Plan. (Resolution No. 98-30)

9. CONSENT CALENDAR

A. Approve amendment to month-to-month lease with C.M.P. Service Partnership for Seawall Lot 314 at Bay Street and the Embarcadero. (Resolution No. 98-33)

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. *This session is closed to any non-City/Port representative.**

a. Property: Port property located at Pier 54
Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.
*Crowley Maritime: Al Zurawski

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real property negotiations between Crowley Maritime and the Port regarding Port property located at Pier 54.

b. Property: Ferry Building
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development

An executive session has been calendared to instruct the real estate negotiator regarding authorization for preparation of Request for Proposal.

c. Property: Port property located at Pier One
Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.

An executive session has been calendared to instruct the real estate negotiator with respect to responses received for the Request for Interest and Qualifications to Master Lease and Develop Pier 1 for Maritime-Related Office Uses.

d. Property: Port property located at Seawall Lot 344
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*American Storage Unlimited: Philip Scott Ryan

Under Negotiation: ___ Price ___ Terms of Payment X Both
An executive session has been calendared to discuss real property negotiations between American Storage Unlimited and the Port regarding Port property located at Seawall Lot 344.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matters pursuant to subdivision (a) of the California Government Code Section 54956.9 (three cases)

- CICO-R&W v. CCSF, San Francisco Superior Court No. 989-618.
- John Jenkel v. CCSF, San Francisco Superior Court No. 981-020.
- Bundox Restaurant, Inc. dba the Waterfront Restaurant v. Fine Line Group, Inc.; Fine Line Group, Inc. (cross-complainant) v. Port of San Francisco et. al., San Francisco Superior Court No. 993-792

b. Discuss significant exposure to litigation pursuant to subdivision (b) of the

California Government Code Section 54956.9 (one case).

12. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

13. ADJOURNMENT

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical-based products. Please help the City accommodate these individuals.

Know Your Rights Under the Sunshine Ordinance:

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

SAN FRANCISCO
PORT COMMISSION

APRIL 14, 1998
MINUTES OF THE MEETING

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MEMBERS, PORT COMMISSION

HON. DENISE McCARTHY, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. FRANKIE G. LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF S A N FRANCISCO
P O R T C O M M I S S I O N

MINUTES OF THE MEETING
APRIL 14, 1998

1. ROLL CALL

The meeting was called to order by Commission President Denise McCarthy at 4:08 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman and Frankie Lee.

Commissioner McCarthy announced that Item 5D would be taken off the calendar and that public comments are welcome now or the speakers might choose to speak when the item is calendared again.

Mr. Tom Chasm, Specialty Crushing, indicated that he strongly objects to the Port considering a lease of this nature that goes against RFP stature that was set up in 1995. At that time, Specialty Crushing responded to the RFP and were the lucky respondents. An RFP was issued two years ago which states in part "... to offer business opportunity to minority businesses in the Hunter's Point/Bayview area... The permittee would also commit to 30% minority participation and that concrete recycling must be the primary function of the business and not an adjunct of a primary construction or demolition business." Specialty Crushing has participated in and developed numerous programs. Their firm is on a threshold of changing how San Francisco handles recycling. Within the next 30 days, Specialty Crushing will be making a presentation that would include Port property with regard to disaster response, meeting SF recycling goals, creating 15 jobs at a minimum and creating nearly a $1 million in local trucking. Item 5D crosses over and would, in fact, create serious problems in the demolition and recycling market.

2. APPROVAL OF MINUTES - March 10, 1998 & March 24, 1998

ACTION: Commissioner Hardeman moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; the minutes of the March 10 meeting were adopted.

ACTION: Commissioner Brandon moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; the minutes of the March 24 meeting were adopted.

3. EXECUTIVE

A. Executive Director's Report: Mr. Paul Osmundson, Director of Planning and Development mentioned that Executive Director Wong has taken ill and unable to attend this meeting. He then reported Commissioner James Herman memorial service

on Saturday, April 18, 1998 from 2 to 4 p.m. at the Delancey Street's Town Hall. Commissioner McCarthy prepared a thoughtful and heartfelt tribute to Commissioner Herman that was sent out to members of the public and Port tenants. Everyone is encouraged to attend.

4. MARITIME

A. Approval of Foreign Trade Zone Operating Agreement and Lease with Big "C" Traders for Pier 19/23. (Resolution No. 98-28)

Mr. Peter Dailey, Maritime Director, indicated that Foreign Trade Zone Services, Inc. has operated the Port's Foreign Trade Zone at Piers 19/23 under a management agreement with the Port since 1977. Their current management agreement commenced on April 1, 1988 and terminates March 31, 1998. On February 4, 1998, the Port Commission approved an assignment of the remaining term of the Management Agreement to Big C Traders, Inc. At the time of the assignment, Port staff was discussing a new five-year management agreement with Big C Traders, Inc. Staff has concluded these discussions and this item asks for Port Commission approval of a new five-year lease and operating agreement of Foreign Trade Zone No. 3 at Pier 19/23 with Big C Traders, Inc.

Mr. Dailey indicated that the U.S. Congress established Foreign Trade Zones in 1934 to stimulate economic development in communities by providing businesses with facilities for conducting international trade activities. The Foreign Trade Zones Board within the U.S. Department of Commerce grants designation as a foreign trade zone. Zones must be operated as a public utility and applications are granted to state or local government entities, port or airport authorities, economic development agencies and not-for-profit corporations.

On March 10, 1948, the Port of San Francisco received a Grant of Authority to establish, operate and maintain a foreign trade zone in San Francisco. At the time, it was only the third such designation in the country, thus earning the designation of Foreign Trade Zone #3.

The current location of Foreign Trade Zone #3 is at Pier 19 and 23, where it has been under the management of Foreign Trade Services, Inc. since 1977. In recent years, Foreign Trade Services has suffered several business reversals causing activity at the FTZ to decline. More recently, Foreign Trade Services has been in arrears in payment of approximately three months rent to the Port in the amount of $74,281.04.

In February, the Port Commission approved an assignment of the remaining term of the management agreement to Big C Traders, Inc. Big C Traders, Inc. is a newly formed company whose management staff consists of successful marketing, import and management executives. They have formulated an exciting business plan aimed at revitalizing San Francisco's Foreign Trade Zone taking advantage of the region's

position in international trade and commerce.

Port staff has negotiated terms and conditions of a new five-year lease and a separate foreign trade zone operating agreement with Big C Traders, Inc. for operation of Foreign Trade Zone No. 3 at Pier 19/23 for Port Commission review.

The term of the lease is for 5 years commencing on April 1, 1998 and terminating on March 31, 2003. The lease contains a renewal option that can extend the term of the lease for an additional five-year term provided that Port believes that the Tenant has performed its responsibilities under the lease and operating agreement successfully. Terms and conditions of the option period will be negotiated prior to the end of the initial term and will be brought back to the Commission for review and approval.

The base rent of the pier begins at $19,051.86 a month for the first year. By year 5, the base rent triples to $62,486.00 per calendar month.

The premises shall be used at all times during the term of the lease to conduct a Foreign Trade Zone under the duties detailed in the operating agreement. Additionally, customs bonded warehousing activities and administrative offices necessary for the day-to-day management of a foreign trade zone are permitted.

The tenant shall, at its sole cost and expense, maintain and repair the non-structural portions of the premises. The tenant may sublease portions of the facilities under rates detailed in the Port of San Francisco Foreign Trade Zone No. 3 Tariff No. 4 for uses in accordance of a Foreign Trade Zone or bonded warehousing operation. Subletting is now allowed for other activities without the written consent of the Port Director.

Big C Traders shall make the foreign trade zone at the zone site available to all qualified persons or firms on reasonable terms. All uses shall be consistent with the purpose and intent of Foreign Trade Zone No. 3 to encourage foreign commerce. Big C Traders shall require all zone users to enter into written agreement detailing all prospective uses and detailing all terms for prior Port approval.

The Port grants Big C Traders, for the term of the lease, the authority to operate foreign trade zone activities at the Zone Site and may advertise its operation as the San Francisco Foreign Trade Zone No. 3.

The Port retains the right as grantee to apply for, activate, operate and contract with other operator for other subzones, annexes or extensions to Foreign Trade Zone No. 3 or to establish such other foreign trade zones or bonded warehouses.

Big C Traders, in addition to their monthly rent, shall pay to the Port an annual fee of $5,000 to cover Port administrative charges. Big C Traders staff shall attend annual mandatory professional foreign trade zone training each year.

Big C Traders shall prepare and submit required annual reports to the Foreign Trade Zone Board, U.S. Customs Service and the Port.

Mr. Dailey concluded that the proposed lease and operating agreement offers the Port of San Francisco an opportunity to revitalize the City's Foreign Trade Zone. Big C Traders, Inc. has presented the Port an exciting business plan that will give local companies, involved in international trade, another tool to expand their business. Economically, the new lease significantly increases the revenues the Port has derived from the premises in the past. From an operating standpoint, the new operating agreement gives the Port more control than currently exists in making sure that use of the Zone is consistent with the purpose and intent of Foreign Trade Zones.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 98-28 was adopted.

5. REAL ESTATE AND ASSET MANAGEMENT

A. Informational Report on Pier One Request for Interest and Qualifications Selection Panel recommendation and presentations by the finalists, AMB Property Corporation and Trammel Crow Company.

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that the Port issued a Request for Interest and Qualifications on January 21, 1998 for developers interested in the rehabilitation of Pier 1. The project will convert Pier 1 from its present use as a temporary parking shed to a maritime office complex which will be used for the Port's administrative offices and for other maritime-related businesses. The Port received responses from four qualified developers; one team withdrew and three were interviewed by a panel. The Mayor, in consultation with the Executive Director, chose the selection panel. The selection panel consists of: Kofi Bonner, the Mayor's Chief Economic Development Advisor, Jim Morales, the Redevelopment Agency Executive Director and Dale Carlson, from Pacific Stock Exchange. The developers were invited to make presentations to the panel and the development teams were ranked. Based on this evaluation, the selection panel recommended that additional discussions on the economic terms take place with the two top ranked teams. The two final developers are AMB Corporation and Trammel Crow.

As recommended by the selection panel, additional information on the proposed financial structure of the development was requested from the respondents. Port staff received those responses on April 13th. The selection panel will be reviewing the information and will make a final recommendation of one developer to the Port Commission at its next meeting. Ms. Tsen indicated that the Port is fortunate to have two outstanding and qualified developers. The selection panel felt that both teams were qualified and competent and therefore requested further information on

the proposed economic terms before making final recommendation to the Commission. The Commission will make the final decision on which entity would be awarded exclusive right to negotiate.

Bob Burke, Chairman of the Board of AMB Corporation, indicated that they are pleased to be one of the finalists in the process established for the redevelopment of Pier 1. He emphasized that this project is particularly important to them because they are a locally based company and it is their intention to locate their headquarters to Pier 1. They have a very significant stake in making this a successful and attractive project. He and his co-founders founded the company in 1983. They are, today, one of the 15 largest public entities in U.S. They own approximately 2.9 billion dollars of real estate on behalf of their shareholders throughout the country. They are also listed on the New York Stock Exchange. They are determined that their participation in this project would entail a significant contribution to the redevelopment of the Port. He hoped that the Commission would look at their proposal favorably.

Luis Belmonte, managing director in charge of this project, introduced a portion of his project team. The remainder of which will be selected if and when they are chosen to redevelop Pier 1 and they will choose the team in concert with Port staff's advice and will attempt to recruit as many minority owned and women-owned businesses as they can to complete the team.

Mr. Luis Belmonte indicated that he is the lead developer on this project. He has been in the development business since 1968 and has done over $800 million worth of deals at cost, all of which in Northern California including 11 projects in San Francisco; the most recent of which is Yerba Buena Commons, a low income housing project. He reemphasized that this is not just a development project for them but this is where they would hope to have their home office. They are a San Francisco based company. Most of their employees live in San Francisco. This would be their flagship as well as the Port's. They look forward to doing this project and being headquartered on the pier. He showed a drawing of a couple of their projects (505 Montgomery Street and 111 Sutter Street), that they think is relevant in terms of their experience. They are currently doing a complete seismic retrofit of the Ferry Building, which is also one of the issues they will be dealing with at Pier 1, as well as ADA and other issues with regard to rehabilitating a historic structure.

Dan Chitam, from Simon Martin Vegue Winklestein & Morris, an Architects Planners and Urban Designers firm, a WBE/LBE, stated that they are very excited about this project. They have previously worked with the Port. Their planning principal assisted in the development of the Land Use Plan and Evan Rose helped author the design guidelines as part of the Waterfront Plan. This project is of particular interest to them because it mirrors the focus of their practice. Most of their projects are local projects. They are projects that are in the public realm. They relish the opportunity of designing buildings in an urban context. They think

that the Pier 1 project offers them many opportunities.

They just recently completed the San Francisco Main Library project. Three years, ago, they have completed the Pacific Gas & Electric headquarters building, which was also a historic retrofit. They have done various office interior retrofits of existing and historic buildings as well. Most recently, they studied various locations for the Academy of Science and the De Young Museum. They are in the process of working on the Sony Metroen Project @ Yerba Buena Gardens,. They embrace the public process of San Francisco. They are familiar with the relevant reviewing agencies for this particular project. They are wholeheartedly committed to the goals of minority and local team participation and look forward to working the Port.

Richard Nurowski, a principal with Rutherford & Chekene, indicated that they have been providing structural and engineering services to San Francisco, the Bay Area and California since 1960 and have done soil engineering and geotechnical engineering work in the past 20 years. They find that the multi-disciplinary combination very valuable especially on projects such as this which involve heavy amount of soil, foundation, structural and seismic upgrade. Over the years, they have developed a very broad spectrum of soils and seismic experience and have developed two particular special areas. They are the structural engineers on the Monterey Bay Aquarium which occupies world class award winning structures. Currently, they are the foundation and bulkhead restraint designers for the Pac Bell project and also the soon-to-open-this-summer the Long Beach Aquarium.

In terms of other piers, they have done the Monterey Bay Aquarium Research Institute at Moss Landing which included design and construction of a small pier for the oceangoing research vessels. They are currently working for the State. They are involved in the retrofit of the historic structures in San Quentin as well as numerous buildings at Stanford University and other University of California campus. When the Mayor moves out, the Veterans Building. They are excited about this project and look to bringing all their experience to this project.

Dan Chitam indicated that, as a local team who lives and works in the City, they have a vested interest. They are excited that San Francisco is reclaiming its waterfront. The waterfront is becoming one of the premier public spaces in the world. The Ferry Building is a landmark structure; more importantly, it is also a gateway both physically and symbolically to the City. They think that the Pier 1 project will enhance that contextual synergy. He showed the Commission a ground plan of the pier. The plan is to divide the pier into three tenants with one intervention being a mezzanine that sits over the parking lot. Parking is accessed from the north side of the pier. The mezzanine is incorporated architecturally into the overall space below. One of the opportunities that they think this project presents the Port is the ability to get the Port a very public front door. They propose that the Port would occupy the prime location along the Embarcadero with the entrance right through the center of the arch, which becomes the public front

door for the Port. There would also be a second floor for the Port, which is in the bulkhead building and a corresponding mezzanine. It's a very synergistic space because of the multi-level and because of the mezzanine. It would be quite an exciting place to be. The two remaining tenants would be a maritime user whose access would be via the enhanced public promenade. AMB's corporate headquarters would also be at the end of the pier and accessed via the promenade. They would recommend the option of extending the promenade to make it an accessible route for the pedestrians. This is a unique opportunity. They will be looking to preserve and enhance the architectural qualities of the pier.

Janice Thacher, AMB, thanked the Commission for giving them the opportunity to make a presentation and highlighting the key features of their proposal. This is a very important project to AMB. They are committed to developing a project in which the Port, the City and AMB can all be proud of. They will be the long-term developers, managers, and occupants of the project. AMB is a local company, they have a great deal of local pride in the project and local market expertise. They are a large company and intend to finance the project internally which gives them a lot of flexibility in working with the Port not having to secure outside financing for the transaction. She highlighted the fact that they have worked together before as a team successfully on the California Academy project. They have a very strong team which has waterfront experience, public experience and a lot of experience in rehabilitating older structures. She thanked the Commission for the opportunity to present their plan.

Bert Sandell, the managing director for the Trammell Crow Company in Northern California, thanked the Commission for the opportunity to address them and pleased to be a part of the selection process for Pier 1. He indicated that in today's presentation, they would demonstrate why they would be a good selection to move forward with the negotiation. He introduced some of their team members: Michael Day, partner of their company, oversees the San Francisco operation; John Sterich, an area president responsible for western development in the United States; Chris Sterling, vice president with Kennedy Associates Real Estate counsel and they are the financial partner of their project. Ted Korth, project architect and principal of Korth, Hagey architects, and Nicole Franklin. As they move forward, they will fill out their team and an important goal for them is to include minority and women-owned businesses.

He indicated that Trammell Crow Company has made a commitment to the San Francisco market for the last 30 years and their involvement started in 1968 for the development of the Embarcadero Center. This is one of the most successful redevelopment projects in the City's history. It was a landmark and one of the first large scales, urban combination of retail and office development. This was their move into the West Coast. A couple of other landmark projects they have done are 655 Montgomery and 601Montgomery Street and the sale and repositioning of the Pacific Telesis portfolio.

Personally, Mr. Sandell is a third generation Northern Californian and has an engineering degree from UC Berkeley. He has been involved with the development of over $150 million commercial space in the bay area. Most recently, completing projects in Fremont and have a development project underway in South San Francisco. He has the responsibility for their operation in this market. One of their goals is to move their downtown office to the pier. One of the ways they get judged and measured is by success and cooperation.

Ted Korth, of Korth, Sunseri Hagey Architects, talked about the design concept. He is an architect for 19 years, with 23 people on their firm. They have worked on a lot of historic rehabilitation projects in San Francisco. They most recently complete the Orpheum Theatre, a $20 million renovation. In addition they have worked on the rehabilitation of 250 Post Street, Pacific Union Club, Maiden Lane, Olympic Club, Golf Course Club House, etc. They have worked on older buildings and are currently working on 2 million sq. ft. of new Class A office space in a variety of locations around the bay area. They went through and got all the drawings they could of the Pier One project to understand what have been done and what the original architecture looked like. From that point, they developed a concept. He showed the Commission drawings of the pier and plan for the proposed project. The big issue is to restore the bulkhead building to make it the main entrance for the project. A feature they would like to introduce is a maritime museum for the Port, which would be located right after you enter the main space. There is a rail spur that runs through from the Embarcadero through the building to the promenade. The concept would be to make that a public access point; it would follow the rail spur through a museum of artifacts and archive of Port history. This would encourage public traffic from the Embarcadero out to the end of the pier. That walkway would then become entrances for the tenants that would be in the building. These can be located in a variety of locations that would be flexible to accommodate the tenants. The area to the north would be an outdoor terrace area for the people that are actually occupying the building. There would be lobbies with items such as restaurants and stairs as required by code to accommodate the tenants that will move in. The entrance to the building will be restored. They could put in a wood or a mahogany door system that could be open between rainstorms and that would go in the main entrance through the museum space and lead off down to the promenade. They will preserve the existing structure but to add windows compatible with the original building and to provide concepts of a covered walkway along that southern dock area, following the tracks and extend out to the end of the pier and to encourage the public to walk out the same route. Their plan is to have 70% of the project occupied by a maritime tenant and 35,000 sq. ft. has been allocated for the Port and Trammell Crow will be a tenant. They are confident that they could lease the project on economic terms they provided yesterday.

Chris Sterling, Vice President of the Kennedy Real Estate Counsel, indicated that they are a real estate investment company, representing various pension funds throughout the U.S. under real estate investments. Their current largest client is the multi-employer property trust fund that they founded 20 years ago. It is a fund with

about $1.4 billion in assets. It is made up of union pension fund investments from throughout the U.S. The goals of the plan are twofold: (1) to generate attractive returns for their clients; and more importantly (2) to generate jobs for their clients in those markets that they are active. They have created over 20 million union man-hours throughout the U.S. As an advisory, they operate a unique niche and their primary business is new construction and renovation. They committed over $500 million in 1997 and invested over $750 million of new construction and renovation in 1998. This is a business they are familiar with as it is their primary business. They work exclusively with developers that the U.S. deemed as premier quality developers who can get the job done.

Trammel Crow Company is the developer that they have done the most with and worked with for the last 20 years. They currently have approximately $350 million in new construction activity throughout the U.S. and approximately $125 million in five projects in California alone. A key goal is to create jobs in those markets that their clients are active in. They currently have six clients that are based and/or actively involved in the City of San Francisco. In conversations with their clients, they are excited and supportive of this project. They are prepared to go forward as quickly at they can. They will fund this project 100% in equity; no debt. They do not use debt on almost any of their projects. They are excited and committed to the City of San Francisco and are committed to the Pier One project. They are long-term investors. Many of their properties have been in the fund since their inception 20 years ago. He stressed their ability to go forward.

Mr. Sandell indicated that they have a long-term history with Kennedy and they are involved in this project.

John Sterich, area president with Trammell Crow Company responsible for all their development in the Western United States, commented on their history. They are a full-service real estate company with over 70 offices and over 3,000 employees. They are focused in five different business area property management, brokerage, retail services, facilities management and developer. He announced that this is their 50th year anniversary.

In 1998, they started with over 100 projects totaling over $1.2 billion. They do office, industrial and retail projects. It meant that they made a lot of mistakes and they don't make those mistakes twice. He indicated that this seems like a lot of projects but when you look at San Francisco operation and how successful that operation has been, this is the most important thing they can do over the course of the next year. It is at the top of the table in terms of the project they want to do in San Francisco. In terms of their alignment with Kennedy, he puts together capital programs with their key customers and they have office, industrial and retail programs. They have chosen Kennedy because: (1) they have done a lot of projects with them and (2) a great capital partner. They focus on office and their current program is $200 million all equity fund. They can literally shake hands today and start tomorrow.

He pointed out that out of the $300+ million that are in active; 14 of those 22 projects are with Trammell Crow Company. This is not a one-time relationship or a one-time transaction. They have done this a number times and they continue to do it a number of times. He pointed out their direct experience with other ports. He personally has a specialty expertise since he has done a lot of work with the Port of Portland and currently involved in a project with Bechtel enterprises. He has done a lot of work with the Port of Seattle and currently involved in the Reno/Tahoe Airport Authority. This is important when you look at land leases; how do ports monitize some of their surplus assets and some of the maritime issues. He always look at projects ascertains the key things they can promise. He promised the Port things: (1) this will be a great project; (2) it will be a great renovation; (3) they are going to focus on the history of maritime uses and they are going to focus on maritime users. He thinks that at the end of the day, everyone will be proud of this project. He thinks that the Commission will find that they would be the most flexible and responsible partners. This is a core business for them. This is what they do, day-in and day-out. Fifty years ago, Trammell Crow started this company in the concept of partnership. It was founded in that basis; they look at this not as a Pier One transaction but the opening of the door of a great relationship for the Port of San Francisco and the opportunity to do a number of different projects over the long term and they look to being on the same side table with the Commission and working on this project.

Commissioner McCarthy thanked both teams for their informative presentation.

B. Informational Report on the leasing activities of the Real Estate and Asset Management Division, major transactions for 1997, and expected transactions for 1998-1999.

Ms. Fei Tsen, Director of Real Estate and Asset Management, summarized some of the leasing activities of the Real Estate and Asset Management Division this past year and offered a road map on the activities of the Real Estate group for the following year. In the next few months, the Commission will be looking at the current Port leasing policy and together with staff, they will be giving clarity to some of the current procedures for lease approvals by the Commission and for the bidding of lease and development opportunities. She recapped the major transactions that have occurred in the Real Estate Division in the past year.

It is important for the both staff and the Commission to look at the big picture once a while and realize that the results have been significant. The ongoing commercial real estate leasing activities generate approximately $31 million of the Port's $37 million overall budget. In 1997, several transactions, many of which had been in the works for several years and had been finally brought to closure. Beyond the increases to income, which are generated from the overall leasing activities, the completed transactions accounted for $1.5 million in one-time revenues to the Port and an increase of approximately $3.4 million in annual recurring revenues. The

increases do not include the amount of tied investment on Port properties which will be made by private developers. Projects such as the Pac Bell Park, Mission Rock Resort are included, the amount of investments to Port facilities would be almost $140 million.

1997 Major Transactions:

1. Pacific Bell Ballpark Lease was actually a Portwide and Citywide effort; this lease will generate $1.2 million for the Port. Although the ballpark lease does not represent an increase in revenues which they will receive from the existing tenants of the Port prior to the ballpark coming on to the Port property.

2. The Ballpark Parking Lease - successfully concluded negotiations with the Giants for Seawall Lot 337. This will allow the parking to support the ballpark facility. This lease will generate more than $1.2 million to the Port.

3. Red & White/Blue & Gold Settlement - staff was able to complete negotiations which allows the overall settlement for Red & White/Blue & Gold to go forward; generating $955,000 one-time revenues and $500,00 in annual revenues.

4. Pier 39 Settlement - there were major outstanding audit issues with Pier 39 and staff was able to negotiate a settlement of those audit issues which generated $532,735 in one-time revenues and an increase annual revenues of $106,000.

5. The Mission Rock Resort RFP which had undergone several amendments and staff was successful in finding/selecting an operator who will invest $533,00 in capital investment in the facility and generate a base income to the Port of $120,000.

6. Allright Parking – staff saw an opportunity in the parking lots along the Embarcadero roadway for an interim period of time before the roadway construction begins. For a short-term lease, staff was able to generate about $300,000 with Allright Parking.

7. Port Operated Parking Lot Rate Increase – staff noticed that the rates for the parking facilities that the Port operates were far below the market and staff increased the rate; as a result, the increase revenues to the Port will be $237,000.

8. Hornblower Yachts – negotiations consolidated the facilities and will result in an additional $300,000.

9. S&C Ford lease was a new interim lease at Pier 50 Shed C for $245,000 annual incremental revenues.

10. Percentage rent adjustments – these were negotiations with tenants who have long-term leases for the resetting of percentage rents which were below market and this will generate $138,000.

11. Short-term events and filming opportunities generated $265,000.

Ms. Tsen indicated that the total one-time revenues, excluding capital investments, were about $1.5 million and the annual recurring revenues $3.5 million; as a result of the completed transactions.

1997 Property Management Accomplishments:

1. Staff assisted with the relocation of the Pier 46B tenants in preparation for the Giants Pacific Bell Ballpark. This was a major staff effort, which was accomplished smoothly and on time.

2. Successful lease-up to maximize revenue for the facility, which will determine rent for the Ballpark lease. Staff was able to increase, this year, the lease revenues from less than $300,000 to over $1 million.

3. Mission Bay – Coordinated with Catellus on land transfer, environmental, master planning issues which affect future use and value for Port properties. Port Management duties included appeals on property tax assessments and termination of Santa Fe lease.

4. Fisherman's Wharf – Coordinated with Muni and Fisherman's Wharf tenants on construction of F-Line and Embarcadero improvements, and coordination of more effective trash pick-up for Fisherman's Wharf area. Developed consensus on Port policy for tours by sportfishing vessels, on enforcement against illegal fish trading, & on land use guidelines for Pier 45 Sheds A & C.

5. Relocation of Tenants for maritime operations at Pier 80 and Pier 50 – Coordinated with Maritime Division for the relocation of Pier 80 tenants to accommodate the operation of Pier 80 as a maritime cargo terminal. Relocation of Pier 50 – Shed A tenants to make room for maritime use.

6. Facilities Improvements and Seismic Upgrade – coordinated with Planning Division and Ferry Building tenants, Roundhouse Plaza, and Pier 1-½ to accommodate seismic rehabilitation work and/or facilities improvements.

7. Predevelopment Coordination – worked with the Port Planning Division for pre-development coordination on the Ferry Building renovation and future development projects for the Port including Pier One, Rincon Park Restaurant, Pier 24 Annex and Pier 70; all of which are Requests for Proposals. Coordinated tenant and property management issues on the various public

works projects which surround Port properties including the Waterfront Transportation Project, the Downtown Ferry Terminal Project, and the FEMA Ferry Building Seismic upgrades.

1998/1999 Major Transactions/Negotiations:

1. Port Land Transfer for Western Pacific Site – final negotiations on Port Land Transfer Agreement, with close of escrow expected at the end of 1998.

2. Muni Metro East Facility – negotiations for a 66-year lease with Muni for 13 acres of the Western Pacific Site. Prepaid rent of approximately $25 million within the first three years of the lease term.

3. Western Pacific Site – solicit interim lease of open land at the Western Pacific site. Commence predevelopment studies for development of 14 acres on the eastern portion of the site.

4. Norcal – Proposed lease at Pier 94/96 for office and operation of a recycling facility. Projected revenues of $890,000 per year.

5. Pier 90/92 – Renegotiation of expiring existing leases. Solicit proposals for interim leases on property not used for maritime activities. Working with Maritime Division to look at the possibility of a longer-term lease for this facility.

6. Proposed short-term lease at Pier 94/96 (currently vacated) - Solicit proposals for office and operation of a bus storage and maintenance facility. Projected revenues of $600,000 per year.

Northern Waterfront

1. Leasing and Development Strategy for Piers 1-1/2, 5, 15, 17, 27, 29. The Northern Waterfront is an area in transition. Port staff will need to pursue interim leasing opportunities until long-term development strategies and proposals are adopted.

2. Renegotiations of ground rentals regarding three ground leases for office buildings on Seawall Lots 313, 315/316/317, and 322. The ground rental for these leases are subject to renegotiation based upon the increase in the appraised land values

Fisherman's Wharf

1. Fisherman's Wharf lease negotiations. Desire by a number of the tenants at Fisherman's Wharf with long-term leases to renegotiate these leases, including possible redevelopment and changes of use.

2. Hyde Street Pier and Hyde Street Harbor - Negotiation of long-term lease for the Hyde Street Pier with the National Park. Complete operational planning for new Hyde Street Harbor and commence preleasing of Harbor.

3. Redevelopment planning for Fish Alley and Pier 45 - Resolution of competing uses for Fish Alley, with clear policy to be adopted by the Pier 45 Advisory Group and the Commission, and continue redevelopment planning for Pier 45 Sheds A and C.

Port-wide Locations

1. Negotiate new leases with tenants on holdover status. Implementation of rental increases to market for office and industrial spaces, based upon new Rental Rate Schedule. Staff will be requesting Commission's approval of the new Rental Rate Schedule in the next few weeks.

2. Bid Retail/Restaurant Leasing Opportunities. Complete discussions with existing restaurants and bid new opportunities in existing or new locations. Leases currently being renegotiated include Pier 1 Deli, Red's Java House, Boondock's and Jelly's.

3. Requests for Proposals – Various Facilities. In conjunction with the Planning Division, issue Requests for Proposals and Request for Qualifications for leasing and development opportunities at Pier 1, Broadway Seawall Lots, Pier 24 Annex, Pier 70 and Rincon Park Restaurant site. Negotiate lease and development agreements for Port development projects. Assist the Planning Division in negotiating these development projects.

Ms. Tsen recognized and thanked her staff for all their efforts: Kirk Bennett, Senior Property Manager for the Northern Waterfront; Mark Lozovoy, Senior Property Manager for the Southern Waterfront; Leasing staff: Jennifer Sobol, Nic Dempsey and Jeff Bauer; Property Managers: Fisherman's Wharf - Elliott Riley, Northern Waterfront - Pat Wilson; Southern Waterfront – Phil Williamson; Ferry Building – Claudia Davison; Budget Forecast and Lease Administration – Denise Martinez.

Commissioner McCarthy thanked staff for putting together this comprehensive and useful information not only for the Commissioners but also the public. She indicated that it is clear that the Division is overworked and hoped that the budget is approved for the new positions.

C. Approval of Term Sheet between the Port and the Public Transportation Commission (Muni) for an Option to Lease a 13-acre parcel of the Western Pacific Site located adjacent to Pier 80, between Illinois Street, 25th Street and Cesar Chavez Street. (Resolution No. 98-29)

Ms. Fei Tsen, Director of Real Estate and Asset Management, indicated that the Port and Catellus Corporation are parties to the Port Land Transfer Agreement

(PLTA). Under the PLTA, the Port agreed to transfer certain Port lands to Catellus in exchange for, among other things, the Western Pacific site located adjacent to Pier 80.

The Public Transportation Commission (MUNI) has expressed an interest in leasing 31 acres of the Western Pacific site from the Port, for the purposes of constructing its new MUNI Metro East Maintenance Facility. However, prior to both parties entering into a lease agreement, MUNI must first comply with the California Environmental Quality Act and also needs time to secure financing for the project.

The Port Commission was asked to authorize the Executive Director to execute the Term Sheet with MUNI, which will set forth the material terms on which the Port would enter into an Option Agreement and Lese for the site.

Port staff, in negotiating the Option Agreement, was concerned that while the Port kept the parcel available for them, the Port is losing revenues that could otherwise be generated by leasing to other users and it is not for certain the MUNI would be able to receive its full EIR clearance or its full funding for the facility. Port staff also asked for an option agreement in which they would pay the Port for that period of time. Currently, because of the tax payment obligations on the site, the Port pays $238,000 on property tax assessment. Port staff is anxious to lease it up in the interim and make it available to MUNI when they are ready to take that piece of property.

The proposed term is 66 years. During the option period, the Port and MUNI will determine the payments to be made by MUNI to the Port for the lease, based on the fair market value of the site, to be determined by two formal appraisals and a review appraisal. MUNI would pay the Port upfront $10 million of the lease payment upon execution of the lease. MUNI will pay Port half of the remaining lease payment on the first anniversary of the lease and will pay the remaining half lease payment on the second anniversary.

Port will provide MUNI with a credit against the lease payment for hazardous material remediation in the amount not to exceed $1.6 million. MUNI would be responsible for utility installation and maintenance of the facility.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 98-29 was adopted.

D. Adoption of Negative Declaration and approval of sublease for a 152,460 square feet for use as a demolition concrete crushing and recycling facility on a portion of the Western Pacific Site, located adjacent to Pier 80 in an area bounded by Pier 80, Cesar Chavez Street, Illinois Street and 25th Street (Resolution No. 98-35) THIS ITEM WAS TAKEN OFF CALENDAR

6. FACILITIES & OPERATIONS

A. Authorization to award "As-Needed Engineering Services" contracts to Structus, Inc. and to Olivia Chen Consultants, Inc. (Resolution No. 98-31)

Mr. Alex Lee, Director of Facilities and Operations, indicated that on September 1997, the Port Commission adopted Resolution No. 97-80 which authorized Port staff to issue an RFP for as-needed engineering services. The resolution authorized the Port to hire either one consultant for a not-to-exceed total of $300,000 or two consultants for a not-to-exceed total of $150,000 each. The scope of work includes structural, civil, and electrical engineering, geotechnical, architectural and cost estimating services.

In January 1998, the Port issued the project RFP. On February 9, 1998, the Port received proposals from 12 consultant teams. On March 30, 1998 a Port selection panel interviewed and evaluated five teams. Structus, Inc. and Olivia Chen Consultants received the highest scores from the selection panel. HRC confirmed that Structus and Olivia Chen are responsive to the requirements of the San Francisco Administrative Code Section 12D meeting MBE/WBE goals.

Subsequently, the Port met with Structus and Olivia Chen to negotiate a fee. The Port has come to an agreement with each consultant to enter into separate contracts with the Port for a not-to-exceed fee of $150,000 for each contract. Each of the two contracts will be for one year with a one-year option to renew. Structus is a certified MBE and Olivia Chen is a certified MBE/WBE firm. The contracts will be filed with the Commission Secretary as soon as they are executed with the approval of the City Attorney's office.

ACTION: Commissioner Lee requested to be recused from voting on the item. Commissioner Hardeman moved approval to recuse Commissioner Lee; Commissioner McCarthy seconded the motion.

Commissioner Lee inquired if this is an on-call, as needed contract and staff will negotiate with the consultant on a task order basis. Mr. Lee concurred.

Commissioner Brandon inquired about the make-up of the selection panel. Mr. Lee replied that it consisted of two Port staff and one from the department of Public Works. Commissioner Brandon inquired about the selection criteria. Mr. Lee replied that the selection criteria was enumerated in the RFP. It includes the firm's experience, technical ability and subcontracting goals. Commissioner Brandon asked how the other three contenders compare to the top two firms. Mr. Lee provided the Commission a copy of the score sheet and explained that the average score for Structus is 90.17% based on the panel's judgement and selection criteria. HRC also gave the firms' preference – Structus is MBE and Olivia Chen is MBE and WBE firm. Of the 12 firms who submitted the proposals, 9 were either MBEs or WBEs. Commissioner Brandon asked why all nine were not interviewed. Mr.

Lee replied that the proposals were reviewed for adequacy, experience and skills. Commissioner Brandon indicated that she was still unclear of the process. Mr. Lee indicated that professional services contracts are based on qualifications and experience. Every RFP for professional services contract are judged differently based on requirements. Commissioner Brandon requested for more information on the other three teams and why this particular selection was made.

Cliff Jarrard, Chief Harbor Engineer, indicated that the five finalists were all good. The reason that all 12 teams were not interviewed is it took a tremendous amount of time to review the RFPs to come up with the finalists. Staff described to the consultants what they would be evaluating on and how many points would be assigned for each evaluation. Commissioner Brandon indicated that she was still unclear why the two firms were chosen out of the 12 teams. She was not given any basis why the selected teams were better. Mr. Jarrard replied that they were chosen because of their experience. In a case like this, staff has to make a judgement or award based on the proposals submitted and their presentations. Commissioner Brandon asked what the two teams have that the other teams do not possess. Mr. Jarrard replied that their presentation was clearer and better.

Commissioner Brandon indicated that she needs the scoring information from all 12 teams and what made these two teams better. Commissioner McCarthy suggested to put this item over until more information is provided to the Commission.

Based on his experience, Commissioner Lee gave an overview of the selection process. Commissioner Brandon indicated that what she's missing is the information on why the two firms were selected over the other 12.

Legal Counsel Noreen Ambrose indicated that although Commissioner Lee was speaking generally on the matter, and in light of the fact that he recused himself from voting, she cautioned him so as not to give a perception to the public that he was trying to influence the outcome of the vote. Commissioner Lee replied that he has no intention of trying to influence the outcome of the vote but rather providing a clarification on the matter. Legal Counsel Ambrose stated that if the Commission decided to put this item over, they can look at the situation that he recused himself on the basis that it may well be that there is no conflict and he would be able to participate in the discussion next time.

Commissioner McCarthy suggested that, in the future, it would be helpful for the Commission to receive in their package a comparison of the short-listed teams.

ACTION: Commissioner Brandon moved approval to continue this item to the next meeting; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

Mr. Alex Lee asked Commissioner Brandon the specific information she was seeking. Commissioner Brandon replied that she needed the comparison of the

short-list and how the decision was made. Mr. Lee replied that he would provide her the information as requested.

B. Ratification of the March 16, 1998 Declaration of Emergency and the Emergency Contract with Biller-McCoy Builders, Inc. (Resolution No. 98-36)

Mr. Alex Lee, Director of Facilities & Operations, indicated that on March 12, 1998, a 30 by 80-foot section of the Pier 24 substructure collapsed. An inspection by Port staff determined that the Pier 24 collapse created a dangerous condition-jeopardizing Pier 24 and Pier 24-½ Annex Building. Mr. Lee provided the Commission pictures of the structure. On March 16, 1998, Commissioner McCarthy approved a declaration of emergency. In response to the failure, Port staff developed a scope of work requiring: (1) removal of the collapsed portion of the pier, including severing of the substructure connecting Pier 24 and the Annex Building; (2) demolition of the portion of the pier immediately surrounding the collapse to reduce the likelihood of a continuing collapse; and (3) demolition of the north wall of the Annex Building which was damaged due to the collapse to address continuing public safety risk. Port staff further specified the replacement of the north wall of the Annex Building with a new temporary wall.

Port staff solicited bids for the specified work from five minority-owned construction firms. Because Biller-McCoy was the only firm that expressed willingness to perform, under the authority of the Administrative Code Section 6.30, the contract was awarded to Biller-McCoy in the amount of $248,386. Biller-McCoy is required to complete the work by June 1, 1998. Funds for the contract are available in the Port's Operating Fund.

Commissioner Brandon requested for the list of the five solicited firms that did not respond and inquired about the reason for their non-response. Mr. Jarrard explained that the five firms were contacted but none of them responded or attended the pre-bid meeting. Biller-McCoy was the only firm who subsequently responded and was awarded the contract. Mr. Jarrard indicated that the other firms did not respond because they are small contractors and they were not available to do the job.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 98-36 was adopted.

7. PLANNING & DEVELOPMENT

A. Informational briefing on status of Port Planning & Development Division Projects:

Mr. Paul Omundson, Director of Planning & Development, indicated that since the adoption of the Waterfront Plan last June and amendments to the City's General Plan and Planning Code, a number of extremely exciting development projects are

underway. Mr. Osmundson thanked his entire staff: Anne Cook, Diane Oshima, Alec Bash, Kari Kilstrom, Dan Hodapp, Dan Bell, Floristine Johnson, April Shaw and two UC Berkeley graduate student interns.

In the report distributed to the Commission, major planning projects as well as a number of commercial developments and maritime projects were enumerated. Their approach to all these projects is similar in that they try to include a number of elements, careful planning, sound analysis of issues, economic feasibility, community input, competitive and open selection processes and a commitment to diversity. The projects included in the report are: (1) Ferry Building Renovation Project; (2) Downtown Ferry Terminal Project; (3) Pier 30/32; (4) Broadway Seawall Lots; (5) the Ballpark Ferry Terminal; (6) the Ballpark Project; (7) Pier 52 Boat Launch Project; (8) Pier 43 Public Ferry Terminal; (9) Hyde Street Harbor; (10) Pier 43 ½ and (11) Pier 47A.

Mr. Osmundson indicated that as a way to demonstrate the kinds of projects his Division is focusing on, the Ferry Building Renovation Project and the Downtown Ferry Terminal Project are a good example of the approach he outlined. Staff will seek a developer with extensive experience in historic renovations and landmark structures to revitalize this key landmark building as a public transportation and commercial project. The Pier 30/32 and Seawall Lot 330 project, which in the Waterfront Plan, was identified as a major opportunity for a mixed-use commercial development. Public access and maritime project is one that is likely going to be the focus of attention. This site has been proposed as a possible location as a cruise ship terminal. The other project which does not fit all the criteria is one of the seawall lots at Broadway and Embarcadero, where staff has identified a hotel as a very strong economic opportunity.

As a final note, there is also a number of planning efforts that his staff is engaged in. Negotiations with the Bay Conservation and Development Commission are going very well. Staff is confident that they will lead to amendments to the BCDC plans that will make them consistent with the Waterfront Plan. They are also conducting historic preservation planning on some of the bulkhead buildings in the Northern Waterfront and they are working closely with Real Estate and Asset Management and other Port Divisions on Mission Bay-related planning issues.

Commissioner McCarthy stated that we need to revisit what has been done in the past and reassess the possible relocation of a new cruise ship terminal. In light of bringing up Pier 30/32, she directed staff to give an updated report and include it as part of a public hearing on this issue. This has been done quite some time ago and she thinks that the time is right now. It is important that we have a public hearing before we move into the RFP process and before the Port gets more pressure for the site. Mr. Osmundson replied that he would discuss this matter with his staff. His staff has been anticipating, based on the level of interest on that site, having that project one of their top priorities. A cruise terminal assessment report was conducted in 1990 that led to the issuance of RFP at that time. Mr. Osmundson

indicated that he will report back at the next meeting on when they could have an assessment prepared and when would be the most appropriate date for a hearing.

B. Report on status of the Hyde Street Harbor Project and approval of resolution to apply for, accept and expend up to $100,000.00 grant funds from the California Department of Boating & Waterways. (Resolution No. 98-32)

Mr. Paul Osmundson, Director of Planning & Development, indicated that this resolution is to accept and expend grant funds from the California Department of Boating & Waterways regarding some water quality improvements associated with the Hyde Street Harbor Project. The Hyde Street Fishing Harbor is a project that has been pursued by the Port for more than a decade. It is part of a series of improvements at Fisherman's Wharf collectively known as the Seafood Center that includes a breakwater, earthquake repair, Pier 45 Sheds B and D, new fishing industry related uses on Pier 45 Sheds A and C and the harbor itself. The Commission authorized the preparation of an environmental impact report for the Hyde Street Fishing Harbor and new uses in Sheds A & C at Pier 45. On December 12, 1996, the Planning Commission certified the EIR and adopted a resolution stating that there is no significant environmental impacts associated with the project. On December 20, 1997, the Commission authorized staff to begin the process of designing the Hyde Street Harbor. The Commission also subsequently authorized staff to issue an RFP and select a design consultant, with whom staff had entered into a contract and are preparing detailed project design and construction drawings. The consultant is Concept Marine Associates.

Throughout the entire process, the Port has worked closely with the Environmental Quality Advisory Committee for the Fisherman's Wharf area. Roberta Jones, the Port's representative on the Environmental Quality Advisory Committee, and Dan Hodapp, Planning & Division staff, has been managing the project. The committee recommended inclusion of the following water quality improvements into the project: (1) debris barrier, (2) sewage pumpout, (3) bilge pumpout, (4) fuel dock, (5) rock jetty, (6) surface runoff, (7) wind-blown debris, and (8) recycling facilities.

The resolution before the Commission would authorize the Port to apply to the California Dept. of Boating and Waterways for grant funds for vessel pumpout facilities. Staff has also been in discussions with the San Francisco's delegation to the California Legislature regarding funding for other pollution control measures that are part of this project. Staff is moving along in the design process and preparing to file for BCDC, Regional Water Quality Control Board and Army Corps of Engineers permits. Mr. Osmundson mentioned that a letter from Meg Reilly of the Dolphin Club was faxed to the Commission regarding some of their concerns about this project. Staff has attempted to respond and a copy of it was circulated to the Commission as well.

Jeanette Caito, Caito Fisheries, member of the Environmental Quality Advisory Committee, indicated that she represents the fish processors at Pier 45. The new harbor will restore the commercial fishing at Fisherman's Wharf from the

breakwater to the new facilities at Pier 45 namely the fish processors; more berthing facilities are needed. She noted that Pier 45 has the most sanitary facilities on the West Coast. With a new harbor, the water quality issues will be a model for other harbors. Both the recreational and commercial needs have been addressed and have made great progress in doing so. The committee has resolved many water quality issues and continue to do so. She commended the Port of San Francisco for an excellent job. It is extremely important to keep the water clean for the commercial fishing and for the environment. The water is not clean now. There are no pumpout facilities. A harbor will provide these facilities and much more to ensure the clean water.

Meg Reilly, President of the Dolphin Club and represents the Friends of Aquatic Park, indicated that it feels that the Port is passing out cigars a moment before the baby is born. They are discussing the process at this point to ensure that the process remains intact, starting at this critical stage of moving forward with permit processes. She was fairly confident that the open issues will be addressed as long as they can agree on the process of addressing it. There will come a time when this project will need to be presented to the recreational users of the Aquatic Park and everyone needs to concentrate hard right now to get it to a point where it can be presented.

On the topic of funding, some of them have been involved with this project for 10 years. The Environmental Advisory Committee did not exist more than two years ago. The good news is the Port did see that need and formed this group. Most of the people on the group have been watching this project and have been involved for a ten years and care deeply of the progress and the future of this area and this project. Funding has always been a missing piece. This funding application is a beginning. Building this project and getting the appropriate funding to build it with appropriate environmental quality aspects still remains an issue. Beyond that, operating this harbor needs more money. It is an under funded project. The Port needs to look at its internal budgeting and correct it.

Tom Creedon, Chair of the Environmental Water Quality Committee, commended Port staff assigned to the task. Halfway through the project, when they felt that things were falling apart, they met with the Executive Director. There has been an extremely more concentrated effort. He noted that it was great to see this presentation and that there is consideration for things that have been done at Fisherman's Wharf and a consideration for the future. As evidenced in the letter that the Commission received, they have a committee of diverse people completely equipped with a "pit bull" that keeps them in line. Meg Reilly always keeps them on line and he guaranteed that when they're done with this project, it is going to be right and will make sure that once this harbor is completed, it will be policed as promised.

Barney Popkin, a water quality expert and pollution prevention person working for Tetra Tech, indicated that for the last five months, he has been working on this committee and taking a field trip to look at state-of-the-art technology of the other

facilities. He thinks that the direction is going along where it should be going. The project is in good hands. There has been an open discussion all along on all the issues; nothing is off the table. He gave his support for the passage of the resolution.

Robert Miller, President of the Crabboat Owners Association and member of the Water Quality Advisory Group, indicated that he has been with the process for a long time. Early on, the fishing community at the wharf was opposed to the Hyde Street Harbor. When the present configuration came before the Commission and before them, at that time they opposed some of the design concepts. At the EIR hearings, issues arised and were discussed. As a result, the design was modified to address some of the perceived shortcomings. The design has very much improved. As a representative of the fishing community, he urged the Commission to support the resolution and urged their continued support for the project. He mentioned that the local fisherman at Fisherman's Wharf would not be the primary user of the project. They have an extreme need for more berthing facilities and specially for larger trip boats up and down the coast. This will accommodate that serious need. This harbor will help the fish processors as well. It is going to alleviate a lot of their vessel tracking problems in the harbor. It is going to eliminate a lot of the adverse affects of having the fishing community there now because of the state-of-the-art improvements such as the pumpout station, debris barrier and various water sanitation proposals that are part of this project. With all these, those of them who won't use the berths will benefit by the water quality of the pumpout and other facilities that will be available. He asked for the Commission's continued support for the project.

Commissioner McCarthy indicated that this is a project near to her heart and she has also been involved for ten years. She's read Ms. Reilly's letter with great interest. The committee has done tremendous work together and between the committee and Port staff she believed this will be worked out and believed that will be a wonderful project. She thanked all the representatives for coming and for their perseverance.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 98-32 was adopted.

8. FINANCE & ADMINISTRATION

A. Approval of the 1998/1999 Capital Plan. (Resolution No. 98-30)

Mr. Ben Kutnick, Director of Finance & Administration, indicated that the item before the Commission is approval of next calendar year's capital plan. He mentioned that the Commissioners were already briefed on this item. He indicated that when the Commissioners were briefed, staff had hopes of receiving $9.1 million from the Department of Transportation for congestive refunds to replace revenue lost from parking due to the Waterfront Transportation Project. Unfortunately, at this time, the Port has not received the funds. They are being

reviewed by Caltrans. Staff expects the process to take another few weeks to a couple of months. Staff needs to move forward with the capital plan so that it is in place by the beginning of the next fiscal year and not hold up other projects. As soon as the money is received, staff will return to the Commission with additional projects for approval. Mr. Kutnick requested approval for approximately $3.5 million to fund several projects including dredging for the central basin, and Pier 80, open space project, pre-development studies and additional improvements for the Downtown Ferry Terminal. Projects approved but unfunded in previous capital plans include the painting of the bulkhead façade, Hyde Street Harbor and leveling of 35' gauge crane at Pier 80.

Commissioner McCarthy reiterated that the Commission received a briefing from Mr. Kutnick and his staff on this matter.

Mr. Osmundson mentioned that until just seconds ago, the Hyde Street Harbor had a significant funding shortfall. The Port received a loan from CalBoating for $3.5 million but staff's cost estimate is $4.5 million. The Commission just provided over a million dollars to make the Hyde Street Harbor Project a reality.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 98-30 was adopted.

9. CONSENT CALENDAR

A. Approve amendment to month-to-month lease with C.M.P. Service Partnership for Seawall Lot 314 at Bay Street and the Embarcadero. (Resolution No. 98-33)

Commissioner Brandon inquired if this is something that the Port generally do when we have a contract with someone and if the cost is more than the initial contract amount, staff goes back and renegotiate their cost. Ms. Tsen replied that the item before the Commission does not contemplate renegotiating their cost for the removal of the tanks. Because of additional costs, staff is requesting an amendment to the lease. The initial base rent was $3,500 per month. During the period of time that the construction is going to take place, staff is requesting that it be eliminated and the base rent ($7,000) would commence when the improvements have been done on May 1, 1998.

Commissioner Brandon inquired about the rent credits. It was originally $30,000 but was amended to $44,214 – she asked if this is something staff customarily do, i.e. renegotiate contracts. Ms. Tsen replied that staff has done this in the past on lease agreements where there is proof that it is a justifiable cost. Staff has looked at the overall lease and if feasible, increase the rent credits. This lease agreement is short-term; a month-to-month lease. The reason why this is a month-to-month lease is because staff does not know when the Port will take the site back for development. It is anticipated that this will happen within the next two or three

years; therefore, staff has not committed to a term lease. Commissioner Brandon indicated that if the tank removal is done and they are doing the improvements now, she asked why staff is not putting this out to bid on a month-to-month tenancy. Ms. Tsen replied that there are several reasons: (1) the uncertainty as to the length of time; (2) staff is asking the tenant to accommodate certain needs that the Port have in terms of parking for the cruise terminal and parking a maritime tenant. Because CMP has been operating on the site, staff felt that this is a situation that could be negotiated with them. Commissioner Brandon commented that if we have to pay $44,000 for improvements that we could put this out to bid on a month-to-month tenancy requesting within the RFP that the maritime users have priority. She does not understand why the Port is paying for these improvements when we could get the cost back from someone who wants that site as a parking lot. Ms. Tsen replied that staff is asking the tenant to fund the improvements with rent credits. Commissioner Brandon reiterated that the Port is basically paying for it. Ms. Tsen indicated that the Commission has the authority to put this item over and give direction to staff.

ACTION: Commissioner Brandon moved approval to continue this item to the April 28 meeting until the Commission is provided more information. There was no second to the motion.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. Three of the Commissioners were in favor; Commissioner Brandon cast the dissenting vote. Resolution No. 98-33 was adopted.

10. NEW BUSINESS / PUBLIC COMMENT

11. EXECUTIVE SESSION

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

ACTION: Commissioner Lee moved approval to hold closed session; Commissioner Brandon seconded the motion. All of the Commissioners were in favor.

B. CLOSED SESSION

At 6:25 p.m. the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Pier 54

Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.
*Crowley Maritime: Al Zurawski

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between Crowley Maritime and the Port regarding Port property located at Pier 54.

b. Property: Ferry Building
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development

An executive session has been calendared to instruct the real estate negotiator regarding authorization for preparation of Request for Proposal.

c. Property: Port property located at Pier One
Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.

An executive session has been calendared to instruct the real estate negotiator with respect to responses received for the Request for Interest and Qualifications to Master Lease and Develop Pier 1 for Maritime-Related Office Uses.

d. Property: Port property located at Seawall Lot 344
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*American Storage Unlimited: Philip Scott Ryan

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between American Storage Unlimited and the Port regarding Port property located at Seawall Lot 344.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING AND ANTICIPATED LITIGATION MATTERS:

a. Discuss existing litigation matters pursuant to subdivision (a) of the California Government Code Section 54956.9 (three cases)

- CICO-R&W v. CCSF, San Francisco Superior Court No. 989-618.
- John Jenkel v. CCSF, San Francisco Superior Court No. 981-020.
- Bundox Restaurant, Inc. dba the Waterfront Restaurant v. Fine Line

Group, Inc.; Fine Line Group, Inc. (cross-complainant) v. Port of San Francisco et. al., San Francisco Superior Court No. 993-792

b. Discuss significant exposure to litigation pursuant to subdivision (b) of the California Government Code Section 54956.9 (one case).

12. RECONVENE IN OPEN SESSION

At 8:27 p.m., Commissioners McCarthy, Brandon, Hardeman and Lee returned from executive session and convened in executive session.

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

ACTION: Commissioner Brandon moved approval of a settlement in the amount of $1,042,319 to CICO-R&W. Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Lee seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 8:30 p.m.

M. Delucchi
Commission Secretary

SAN FRANCISCO
PORT COMMISSION

SPECIAL MEETING --PLEASE NOTE THE TIME OF THE MEETING
3:00 P.M., TUESDAY, APRIL 28, 1998 ← ← ← ←
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

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AGENDA

1. **ROLL CALL**

2. **NEW BUSINESS / PUBLIC COMMENT**

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

3. **EXECUTIVE SESSION**

A. Vote on whether to hold closed session to confer with Legal Counsel and Real Property Negotiator.

B. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Pier One
Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.

An executive session has been calendared to instruct the real estate negotiator with respect to responses received for the Request for Interest and Qualifications to Master Lease and Develop Pier 1 for Maritime-Related Office Uses.

b. Property: Ferry Building
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development

An executive session has been calendared to instruct the real estate negotiator regarding authorization for preparation of Request for Proposal.

c. Property: Port property located at Seawall Lot 344
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*American Storage Unlimited: Philip Scott Ryan

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between American Storage Unlimited and the Port regarding Port property located at Seawall Lot 344.

d. Property: Muni Metro Western Pacific Site
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Muni: Kam Shadan

Under Negotiation: ___ Price ___ Terms of Payment _X_ Both
An executive session has been calendared to discuss real property negotiations between Port and Muni regarding portions of the Western Pacific site property located adjacent to Pier 80.

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case)

- Bundox Restaurant, Inc. dba the Waterfront Restaurant v. Fine Line Group, Inc.; Fine Line Group, Inc. (cross-complainant) v. Port of San Francisco et. al., San Francisco Superior Court No. 993-792

4. RECONVENE IN OPEN SESSION

A. Possible report on actions taken in closed session pursuant to Government Code 54957.1(a)2 and San Francisco Administrative Code 67.14(b)(2).

B. Vote in open session on whether to disclose any or all executive session discussions pursuant to Government Code 54957.1(a)(2) and San Francisco Administrative Code 67.14(b)(2).

5. ADJOURNMENT

SAN FRANCISCO
PORT COMMISSION

APRIL 28, 1998
MINUTES OF THE SPECIAL MEETING

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MEMBERS, PORT COMMISSION

HON. DENISE McCARTHY, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. FRANKIE G. LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE SPECIAL MEETING
APRIL 28, 1998

1. ROLL CALL

The meeting was called to order by Commission President McCarthy at 3:07 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman and Frankie Lee.

2. NEW BUSINESS / PUBLIC COMMENT

Espanola Jackson, representing the Muekma Ohlone Nation, requested that the Commission read the American Land Sovereignty Act with regard to Items 6A,B, C and D of the regular meeting agenda. A copy of her letter to Senator John Burton was circulated to the Commission. Since the wetland site is an Ohlone land, Ms. Jackson requested the Commission to put this item aside until the Commission receives a legal opinion dealing with the wetlands in San Francisco.

Kevin Williams spoke regarding Item 5A of the regular agenda. Mr. Ernie Meriweather requested him to speak on this matter. Mr. Meriweather submitted an ambitious plan for the Pier 30/32 development. From his direct experience with Mr. Meriweather and his partners, Mr. Williams indicated that it takes vision and the Commission's commitment to make things happen. Mr. Meriweather's interest in this proposal stems from a historical perspective. He asked the Commission to carefully consider Mr. Meriweather's proposal. He asked the Commission to direct appropriate staff to work with them and explore the opportunities of the shipping potential and bring back maritime as the Commission's top priority. As a community leader and a citizen of the City and County of San Francisco, Mr. Williams offered to participate in the development of that vision.

Eula Walters indicated that she fought to save ferry park on Lots 202/203. This park has never been dedicated and would like to have it done as soon as possible so that it would be difficult for anybody to build on the park. This process has to go before the Board of Supervisors for approval. One of the issues that would come up at the Board of Supervisors meeting would be the underground garage at the Port. When she met with Mayor Brown in 1996, the Mayor indicated that there would be no development allowed in the park and believes that the Board of Supervisors agrees to this as well. She knows that the Port could not have the Board of Supervisors' approval for an underground garage until the Port receives federal money. She inquired if this condition has been satisfied by the Port.

Commissioner McCarthy suggested that Ms. Walters meet with Port staff. Executive Director Wong suggested that Ms. Walters call his office and set up an appointment.

3. EXECUTIVE SESSION

ACTION: Commissioner Lee moved approval to go into executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

At 3:15 p.m., the Commission Secretary announced that the Commission will withdraw to executive session to discuss the following:

A. CLOSED SESSION

(1) CONFERENCE WITH REAL PROPERTY NEGOTIATOR - This is specifically authorized under California Government Code Section 54956.8. ***This session is closed to any non-City/Port representative.****

a. Property: Port property located at Pier One
Person Negotiating:
Port of San Francisco: V.Fei Tsen, Director of Real Estate & Asset Mgt.

b. Property: Ferry Building
Person Negotiating:
Port of San Francisco: Paul Osmundson, Director of Planning & Development

c. Property: Port property located at Seawall Lot 344
Person Negotiating:
Port of San Francisco: Douglas F. Wong, Executive Director
*American Storage Unlimited: Philip Scott Ryan

d. Property: Muni Metro Western Pacific Site
Person Negotiating:
Port of San Francisco: Fei Tsen, Director of Real Estate & Asset Mgmt.
*Muni: Kam Shadan

(2) CONFERENCE WITH LEGAL COUNSEL REGARDING EXISTING LITIGATION MATTER:

a. Discuss existing litigation matter pursuant to subdivision (a) of the California Government Code Section 54956.9 (one case)

- Bundox Restaurant, Inc. dba the Waterfront Restaurant v. Fine Line Group, Inc.; Fine Line Group, Inc. (cross-complainant) v. Port of San Francisco et. al., San Francisco Superior Court No. 993-792

4. RECONVENE IN OPEN SESSION

At 4:24 p.m., Commissioners McCarthy, Brandon, Hardeman and Lee returned from executive session and convened in public session.

ACTION: Commissioner Brandon moved approval to not disclose any information discussed in the executive session; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor.

The meeting was adjourned at 4:24 p.m.

Commission Secretary

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REGULAR MEETING
4:00 P.M., TUESDAY, APRIL 28, 1998
FERRY BUILDING, SUITE 3100
SAN FRANCISCO, CA 94111

AGENDA

1. **ROLL CALL**

2. **APPROVAL OF MINUTES** – April 14,1998

3. **EXECUTIVE**

   A. Executive Director's Report

   B. Authorizing the Executive Director to enter into a sole-source contract with Heyday Books to publish, promote, print, distribute and warehouse the Ferry Building Centennial Keepsake Book as part of the centennial celebration of the Ferry Building. (Resolution No. 98-42)

4. **MARITIME**

5. **REAL ESTATE AND ASSET MANAGEMENT**

   A. Authorization to offer, through competitive bid, three two-year leases for surface parking at Seawall Lots 321, 322i, 323, 324 and 330; and portions of Pier 27-29 and Pier 30-32. (Resolution No. 98-43)

6. **FACILITIES & OPERATIONS**

   A. Authorization to accept and expend $500,000 in grant funds from the California State Coastal Conservancy for construction of the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 98-37)

   B. Authorization to accept and expend $92,000 in grant funds from the Association of Bay Area Governments for construction of a portion of the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 98-38)

   C. Authorization to waive competitive bidding and prevailing wage requirements for contracts with California Conservation Corps, San Francisco Conservation Corps and San Francisco League of Urban Gardeners as required by the ABAG grant. (Resolution No. 98-39)

D. Authorization to issue Invitation to Bid for construction of the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 98-40)

E. Authorization to award "As-Needed Engineering Services" contracts to Structus, Inc. and to Olivia Chen Consultants, Inc. (Resolution No. 98-31)

7. PLANNING & DEVELOPMENT

A. Request authorization to issue a Developer Request for Qualifications and Proposals for the Design, Rehabilitation and Lease of the Ferry Building. (Resolution No. 98-41)

8. FINANCE & ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

Public comment is permitted on any matter within Port jurisdiction and is not limited to agenda items. Public comment on non-agenda items may be raised during New Business/Public Comment. Please fill out a speaker card and hand it to the Commission Secretary. If you have any question regarding the agenda, please contact the Commission Secretary at 274-0406.

11. ADJOURNMENT

DISABILITY ACCESS

The Port Commission office is located on the third floor of the Ferry Building, Suite 3100. The Port office is wheelchair accessible. Accessible seating for persons with disabilities (including those using wheelchairs) will be available. The closest accessible BART station is Embarcadero Station located at Market and Steuart Streets. The closest accessible MUNI Metro station is Embarcadero station located at Market and Spear Streets. Accessible MUNI lines serving the Ferry Building are the 9, 31, 32 and 71. For more information about MUNI accessible services, call 923-6142. There is accessible parking at the Ferry Building and at the public lot in the Embarcadero median in front of the Ferry Building. Assistive listening devices are available for use in the Port Commission Meeting. The following services are available on request 72 hours prior to the meeting. Please contact Kevin Jensen at (415) 274-0555. Late requests will be honored if possible.

- American Sign Language Interpreters
- A Sound Enhancement System
- Large Print of the Agenda
- The use of a reader during the meeting
- Minutes of the Meeting in Alternative Formats

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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-4851.

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
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MEMORANDUM

April 24, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie G. Lee

FROM: Douglas F. Wong, Executive Director

SUBJECT: Resolution authorizing the Executive Director to enter into a sole-source contract with Heyday Books to publish, promote, print, distribute and warehouse the Ferry Building Centennial Keepsake Book as part of the centennial celebration of the Ferry Building.

DIRECTOR'S RECOMMENDATION: Approve the Resolution.

BACKGROUND

On July14, 1998, San Francisco will celebrate the centennial of the Ferry Building, one of the City's most treasured landmarks.

This past January 21, 1998 the Port Commission approved a resolution authorizing the Port to enter into a sole-source contract with Resource Consultants, Nancy Olmsted to produce a camera-ready manuscript for a Ferry Building Keepsake Book as part of the centennial celebration of the Ferry Building.

Currently three chapters of the draft manuscript have been completed. Ms. Olmsted has purchased the rights to use more than 175 photographs that will be included in this historic keepsake book. many of these extraordinary photos have never been viewed by the general public.

The next phase is to publish the manuscript for the Ferry Building Centennial Keepsake Book. After contacting a number of local publishers most were unable to publish the book in 1998 or lacked the ability to produce, promote and distribute such a high-quality book in a short time at a reasonable price.

This being the case, we are seeking the Port Commission's approval to enter into a sole-source contract with Heyday Books to publish, promote, print, distribute and warehouse 3,500 copies of the Ferry Building Centennial Keepsake Book for the total sum of $63,000.

In addition to its historic and artistic value, this quality keepsake book will be used to generate positive publicity about the Ferry Building and the San Francisco Waterfront during the Port's promotional campaigns, maritime events and foreign trade missions. The Port reasonably expects to recover approximately $22,000 after book sales from the first printing. If the book sells 15.000 copies, the Port could fully recover the publication costs.

This Print Covers Calendar Item No. **3B**

ABOUT THE PUBLISHER

Heyday Books of Berkeley, California has been publishing quality books on California history, literature and the environment for 25 years. Publishing about twelve books a year an a quarterly magazine, Heyday Books has recently published books on Environmental Education, Native American Literature, The Gold Rush, Regional Anthologies and Guides and Women of the West.

Heyday's Publisher Malcolm Margolin, is highly respected in the book publishing community and he hopes to feature the Ferry Building Centennial Keepsake Book on the cover of Heyday's Fall Book Catalog. Mr. Margolin currently serves on the board of a number of institutions including the San Francisco Bay Area Book Council, the Yosemite Institute, the California Studies Association and the Institute for the Preservation of the Original Languages of the Americas. He has received various awards prestigious awards from the American Book Awards, The Bookbuilders West Association and the Bay Area Book Reviewers Association.

Heyday has published or co-published books with California Historical Society, California Council for the Humanities, Oakland Museum, National Audubon Society, Headlands Center for the Arts, California Oak Foundation, Golden Gate National Park Association and others.

TERMS AND CONDITIONS OF CONTRACT:

In the contract agreement, the Port of San Francisco shall be the copyright owner and publisher of the book. Heyday Books shall be listed as co-publisher, however this in no way affects the Port's sole ownership of the stock of books and all right to it.

Heyday Books shall have 3,500 books printed, bound, and ready for distribution no later than October 30, 1998, unless prevented from doing so by lateness of material, delays in approval by the Port, or by circumstances beyond its control.

Heyday Books shall agree to conduct final editing, design work, production, camera work, printing, binding and shipping for the sum of $63,000. Heyday Books shall agree to manage commercial distribution, sales, marketing, and publicity for the Ferry Building Centennial Keepsake Book.

The Port shall grant Heyday Books the exclusive right to sell copies of the book to libraries, the book trade, and other retail and wholesale outlets such as museums stores and park visitor centers for 12 months from the date of the book release, with automatic renewal unless either the Port or Heyday Books gives six months advance notice. Heyday Book's commission will be 50% of the net sales for the first printing to cover promotion, sales, warehousing and distribution, and 35% of net sales for subsequent printings if the agreement is still in effect.

Heyday Books shall issue quarterly reports on sales and inventory to the Port.

Prepared by: Renée Dunn, Public Relations Officer

PORT COMMISSION
CITY & COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-42

WHEREAS, On July 14, 1998, San Francisco will celebrate the 100th birthday of the Ferry Building, one of the City's most treasured landmarks. The Port of San Francisco wants to contract with Heyday Books for professional services related to the publication, sale warehousing, distribution and promotion of a manuscript on Ferry Building being written and produced by Resource Consultants (Nancy Olmsted) under a separate contract with the Port dated January 27, 1998 (hereafter "Ferry Building Book"); and,

WHEREAS, Malcolm Margolin of Heyday Books in Berkeley, California has been publishing quality books on California history, literature and the environment for 25 years. Publishing about twelve books a year an a quarterly magazine, Heyday Books has published or co-published books with California Historical Society, California Council for the Humanities, Oakland Museum, National Audubon Society, Headlands Center for the Arts, California Oak Foundation, Golden Gate National Park Association and others, Consultant represents and warrants that they are qualified to perform the services required for City as set forth under this Agreement and the Contractor represents and warrants that it is qualified to perform the services required; and

WHEREAS, In the contract agreement, the Port of San Francisco shall be the copyright owner and publisher of the book. Heyday Books shall be listed as co-publisher, however, this in no way affects the Port's sole ownership of the stock of books and all rights to it; and

WHEREAS, Heyday Books shall have 3,500 books printed, bound, and ready for distribution no later than October 30, 1998, unless prevented from doing so by lateness of material, delays in approval by the Port, or by circumstances beyond its control; and

WHEREAS, Heyday Books shall agree to conduct final editing, design work, production, camera work, printing, binding and shipping for the sum of $63,000. Heyday Books shall agree to manage commercial distribution, sales, marketing, and publicity for the Ferry Building Centennial Keepsake Book; and

WHEREAS, The Port shall grant Heyday Books the exclusive right to sell copies of the book to libraries, the book trade, and other retail and wholesale outlets such as museums stores and park visitor centers for 12 months from the date of the book release, with automatic renewal unless either the Port or Heyday Books gives six months advance notice; and

WHEREAS, Heyday Book's commission will be 50% of the net sales for the first printing to cover promotion, sales, warehousing and distribution, and 35% of net sales for subsequent printings if the agreement is still in effect; now, therefore, be it

RESOLVED, Heyday Books shall issue quarterly reports on sales and inventory to the Port; and be it

RESOLVED, That the San Francisco Port Commission does hereby authorize the Director to execute an agreement in substantially the form, on file with the Port Commission Secretary, and in such final form as is approved by the City Attorney, for the total amount of $63,000.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 28, 1998.

_____
Secretary

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PORT OF SAN FRANCISCO

Ferry Building
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MEMORANDUM

April 23, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to offer through competitive bid three two-year leases for surface parking at Seawall Lots 322I located at Front and Broadway Streets ("Parcel 1"); Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets (collectively, "Parcel 2"); and Seawall Lot 330, located at Embarcadero and Bryant Streets ("Parcel 3").

DIRECTOR'S RECOMMENDATION: APPROVE RESOLUTION

BACKGROUND

Port staff is requesting authorization to offer through competitive bidding two parcels located in the Northeastern Waterfront and one parcel located in the Central Waterfront, for operation of surface public parking lots. The process will culminate in three separate leases, each with a term of two years. The successful bidder(s) will be those which propose the highest rent for each parcel and who meet the minimum qualifications for experience and financial standing.

The rent for all three parcels shall be bid on a minimum base rent versus percentage rent basis, pursuant to minimum acceptable bids set forth below. The monthly minimum rent for the three leases will be subject to annual CPI adjustments. Additionally, since all of the parcels are designated as future development sites, the Port shall retain the right to recapture all or part of any parcel upon sixty (60) days written notice to the operator.

THIS PRINT COVERS CALENDAR ITEM No. 5A

The lease shall be in substantial conformance with the Port Commission standard ground lease form.

The proposed minimum lease terms and conditions are discussed below:

PROPOSED MINIMUM LEASE TERMS AND CONDITIONS

Parcel 1

(1) Premises: Approximately 37,812 square feet of Seawall 322I
(2) Term: Two (2) years
(3) Minimum acceptable bid: $25,907.50 per month versus 67% of gross receipts.
(4) Improvements: None required

Parcel 2

(1) Premises: Approximately 105,546 square feet of Seawall Lots 321, 323 and 324; with option to expand if the space north of the Ferry Building becomes available for surface parking operations.
(2) Term: Two (2) years
(3) Minimum acceptable bid: $38,060.80 per month versus 67% of gross receipts.
(4) Improvements: None required

Parcel 3

(1) Premises: Approximately 124,065 square feet of Seawall Lot 330; with option to expand if space south of the Ferry Building becomes available for surface parking operations.
(2) Term: Two (2) years
(3) Minimum acceptable bid: $25,000.00 per month versus 67% of gross receipts.
(4) Improvements: None required

Economically Disadvantaged Business Participation

The Port Commission is interested in encouraging the participation of minority-owned and economically disadvantaged businesses in this bid opportunity. Staff will consult with Human Rights Commission and the City Attorney's Office to determine appropriate methods for encouraging participation in the bid process by small, local, women, economically disadvantaged and minority owned businesses.

Commission Approval of Leases

Port staff will present the successful bidder(s) to the Port Commission for approval and authorization to enter into a lease for each of the parking opportunities.

RECOMMENDATIONS

Staff recommends that the Commission approve the attached resolution authorizing staff to prepare and offer, through competitive bid, three leases, each with two-year terms, for public parking lots at Seawall Lot 322i (Parcel 1); Seawall Lots 321,323 and 324 (Parcel 2); and Seawall Lot 330 (Parcel 3).

Prepared by: Mark W. Lozovoy, Senior Property Manager

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PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-43

WHEREAS, Charter Section B3.581 empowers the Port Commission with the power and duty to use, conduct, operate, maintain, manage, regulate and control the Port area of the City and County of San Francisco; and

WHEREAS, Surface parking generates a significant revenue stream to the Port and the Port desires to operate its parking lots in an efficient manner while maximizing revenues; and

WHEREAS, there is demand for public parking by both Port tenants and the public; and

WHEREAS, Seawall Lots 322I ("Parcel 1"), 321, 323, 324 (collectively, "Parcel 2") and Seawall Lot 330 ("Parcel 3") are located where demand for parking is strong; now, therefore, be it

RESOLVED, that the San Francisco Port Commission authorizes Port staff to offer through competitive bidding three leases, each with two-year terms, for surface parking lot operations available to the public, located on Parcel 1, Parcel 2 and Parcel 3 in accordance with the terms outlined in the Agenda Summary for this item 5A, a copy of which is on file with the Port Commission Secretary.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 28, 1998.

_____
Secretary

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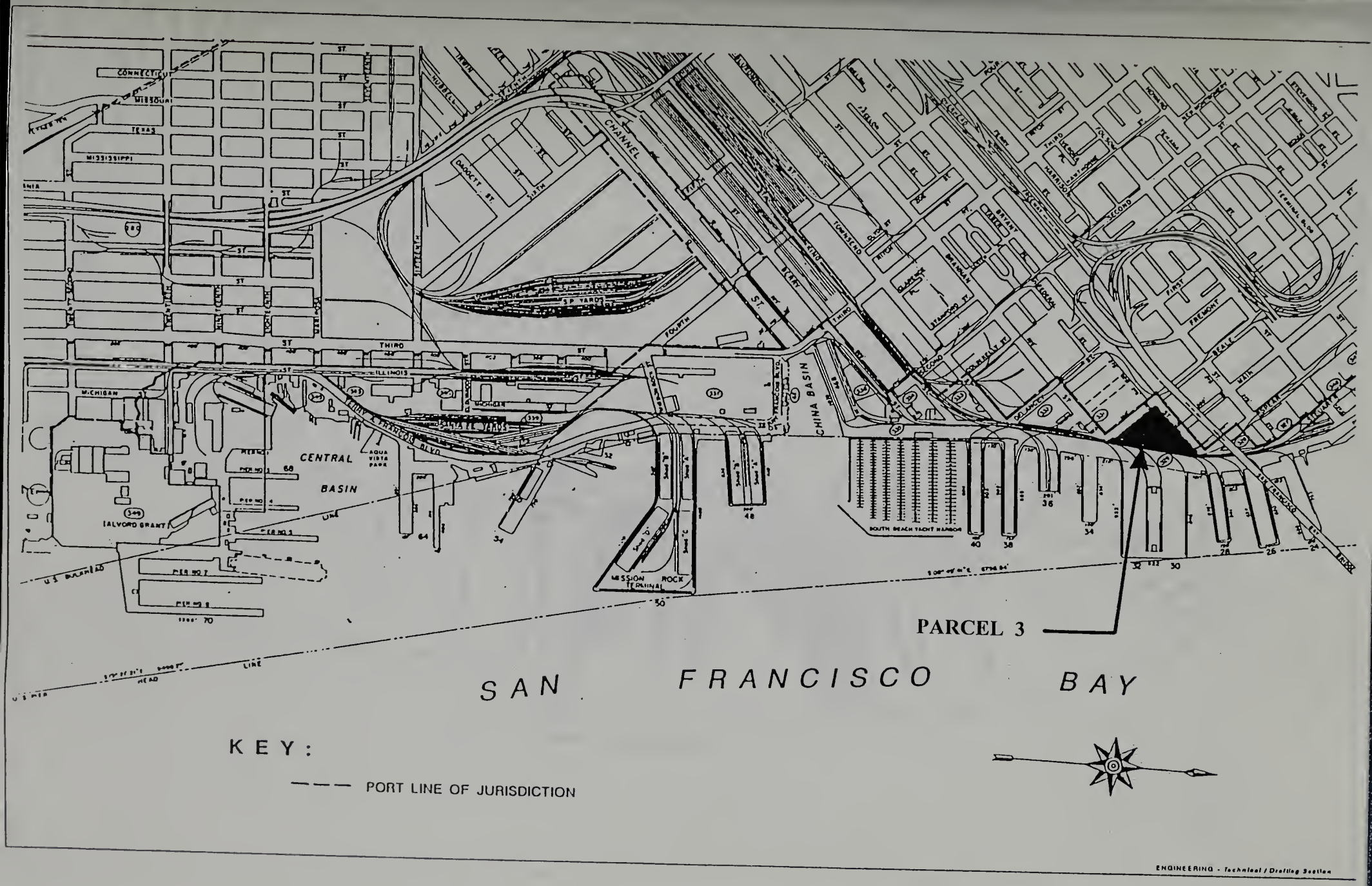
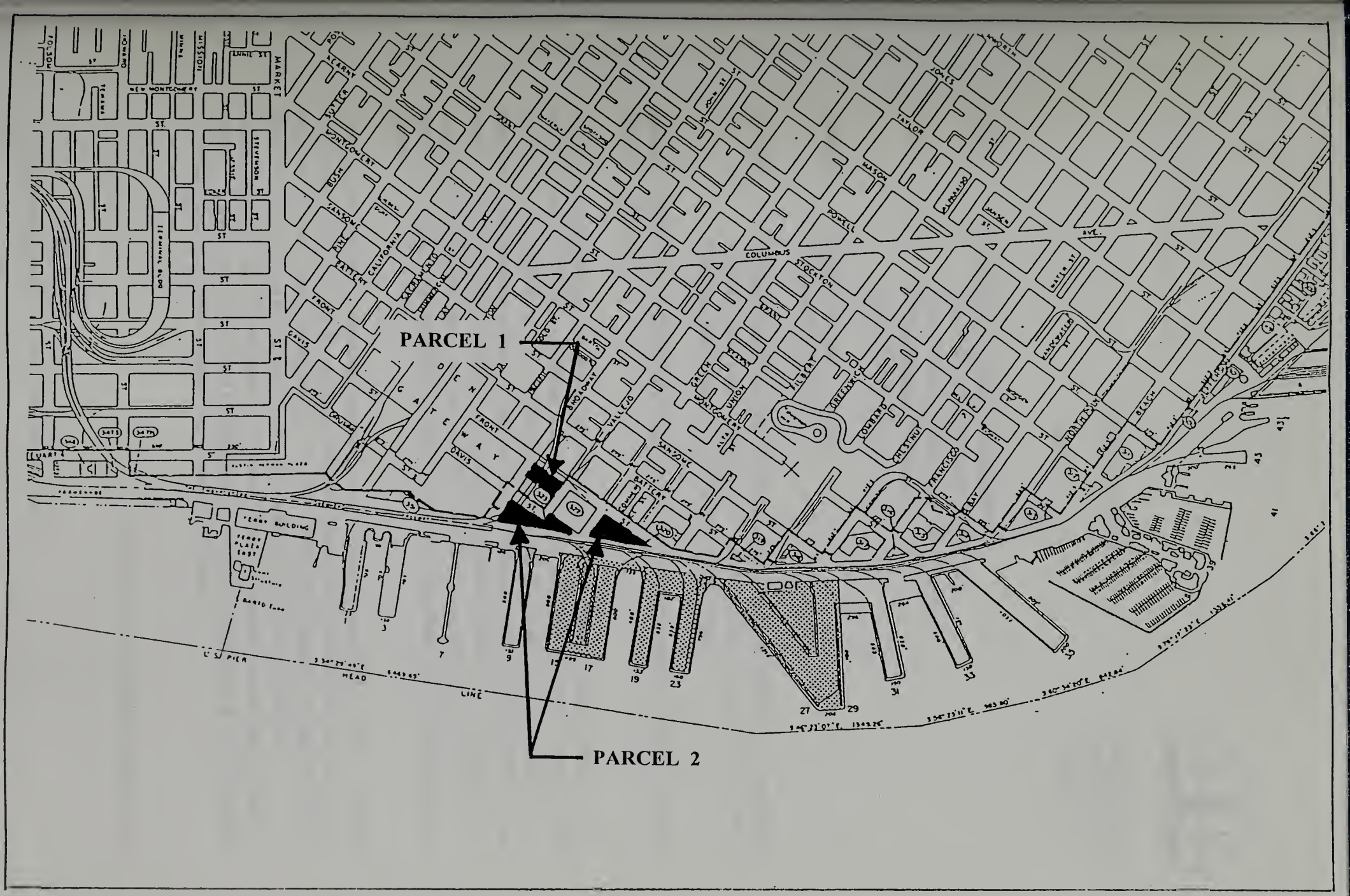
SOUTHERN WATERFRONT



KEY:

——— PORT LINE OF JURISDICTION

ENGINEERING - Technical / Drafting Section


PARCEL 1
PARCEL 2
EMBARCADERO
DAVIS
FRONT
SANSOME
BATTERY
FRANCISCO
BEACH
MARKET
FERRY BUILDING
FERRY PLAZA
PIER
HEAD
LINE

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

April 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon Vice President
Hon. Michael Hardeman
Hon. Frankie Lee

FROM: Douglas Wong
Executive Director

SUBJECT: Authorize the Executive Director to enter into a $500,000 grant agreement with the California Coastal Conservancy for implementation of the Pier 98 Wetlands and Public Access Enhancement Project

DIRECTOR'S RECOMMENDATION: THAT THE COMMISSION APPROVE THE RESOLUTION.

The Port has undertaken a wetland habitat and public access improvement project at Pier 98. The project will include enhancement of existing wetlands, creation of approximately five acres of new wetland area, and revegetation of upland areas with native plants. Proposed public access improvements include landscaping, trails to fishing and viewing areas, a picnic area, and a wildlife viewing area with educational signs. The project also includes closing a portion of the site, which is regulated as a solid waste landfill, in accordance with and administrative order issued by the Regional Water Quality Control Board.

The proposed project is currently estimated to cost approximately $2.1 million. The PUC has committed to transfer $1 million of sewer revenue bond funds to the Port to assist in implementation of the Pier 98 project. The Port's 1997/98 Capital Plan, approved by the Port Commission on December 18, 1997, allocates $918,000 toward project implementation. The Association of Bay Area Governments has authorized an award of $92,000 toward construction and maintenance of trail and landscaping at Pier 98, pending Port Commission authorization to accept the ABAG funds.

This Print Covers Calendar Item No. **6A**

Port staff submitted an application for grant funds to the California State Coastal Conservancy, in accordance with Port Commission Resolution 97-108, adopted December 18, 1997. At their meeting on February 19, 1998, the Board of the Coastal Conservancy voted unanimously to grant $500,000 to the Port for implementation of the Pier 98 project. The Coastal Conservancy grant will be used for both wetlands enhancement and public access improvements at Pier 98; and may partially reduce the amount of funding required from the Port's capital budget.

The grant will be subject to the following primary terms and conditions:

- The Port will complete the project in accordance with a work plan to be approved by the Executive Officer of the Coastal Conservancy, including construction plans and specifications certified by a biologist and engineer, and approved by the Port's Chief Harbor Engineer; detailed project budget and schedule; and a monitoring program to measure the viability of wetland improvements.

- Prior to beginning work, the Port will submit to the Coastal Conservancy evidence that all necessary approvals and permits have been obtained, and all other funds necessary to complete the project have been secured; the bid package, and names of selected contractors; and evidence that each contractor has complied with applicable bonding and insurance requirements.

- The Port must install permanent signs directing the public to the project, acknowledging Conservancy assistance, and displaying the Conservancy logo. Plans describing the number, design, placement, and wording of the signs shall be submitted to the Conservancy for review and approval.

- If the Port fails to complete the project in accordance with the grant agreement, the Port could be obligated to repay the Conservancy for all funds disbursed under this agreement. The Conservancy may, at its discretion, consider extenuating circumstances and not require repayment for work partially completed.

- The Port assumes all management, operation and maintenance costs.

- The Port must indemnify, hold harmless, and defend the Conservancy from any and all liabilities, claims, damages or costs resulting from or in any way connected with the grant agreement, except for active negligence of the Conservancy, its officers, agents or employees.

In accepting Coastal Conservancy funds, the Port must assure and certify that:

1. It possesses legal authority to apply for the grant, and to finance and construct the proposed facilities. Port Commission resolution 97-108, adopted December 18, 1997, authorized filing the grant application, and authorizing the Executive Director to act in connection with the application and grant agreement as may be required.

2. It will have sufficient funds available to meet its own share of the cost for the project; and that sufficient funds will be available when the project is completed to assure the effective operation and maintenance of the facility for the purposes constructed.

3. It holds sufficient title or interest in the property to enable it to undertake lawful development and construction of the project.

4. It will not dispose of or encumber its title or other interest in the site and facilities, except as permitted by the Conservancy.

5. It will give the Conservancy, through any authorized representative, access to and the right to examine all records, books, papers or documents related to the grant.

6. It will begin work on the project within a reasonable time after Conservancy funds have been approved, and carry the project to completion with reasonable diligence.

7. It will, where appropriate, comply with the requirements of the California Environmental Quality Act.

8. It will comply with all requirements imposed by the Conservancy concerning special provisions of law and program requirements.

The draft grant agreement is on file with the Commission Secretary. Staff requests authorization for the Executive Director to make the above listed assurances, accept Coastal Conservancy funds, and execute a grant agreement as proposed, in substantially the form on file with the Commission Secretary.

Prepared by: Carol Bach, Project Manager
Environmental Health and Safety Section

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-37

WHEREAS, The Port Commission authorized application for grant funds to the Coastal Conservancy in accordance with a resolution adopted December 18, 1997; and

WHEREAS, The Coastal Conservancy has voted to grant $500,000 to the Port of San Francisco to enhance existing wetlands, create new wetland habitat, and improve public access at Pier 98; and

WHEREAS, The Port Commission agrees to the primary terms and conditions of the proposed grant agreement with the Coastal Conservancy; now therefore, be it

RESOLVED, that the Port Commission hereby approves acceptance of grant funds from the Coastal Conservancy; and authorizes the Executive Director to make the assurances set forth in the Staff Memorandum dated April 21, 1998 which accompanies this resolution, and to execute a grant agreement with the Coastal Conservancy in substantially the form on file with the Commission Secretary.

I hereby certify that the forgoing resolution was adopted by the San Francisco Port Commission at its meeting of April 28, 1998.

_____
Secretary

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Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
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MEMORANDUM

April 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Frankie Lee

FROM: Douglas Wong
Executive Director

SUBJECT: Authorization to accept grant funds from the San Francisco Bay Trail Regional Development Program for construction of Bay Trail on Pier 98 and designation of a bike route on Cargo Way

DIRECTOR'S RECOMMENDATION: THAT THE COMMISSION APPROVE THE PROPOSED RESOLUTION.

The San Francisco Bay Trail is a 400-mile route that extends around the perimeter of San Francisco Bay. It includes hiking paths, multi-use paths, and on-street bicycle lanes in various stages of development. The Association of Bay Area Governments (ABAG) administers the San Francisco Bay Trail Regional Development Project, which is offering grant funds for trail construction and maintenance. The grant program stipulates the following:

1. The program encourages cooperative efforts between agencies and private organizations, and therefore requires that projects funded by the grant be implemented by at least two such entities.

2. The program is funded from the California Conservation Corps (CCC) budget, and strong preference is given to applications that propose to use the CCC.

3. The program requires that the grant recipient contribute matching funds of at least 3:1.

The Port applied to the Regional Development Program for $92,000 to construct and maintain the section of Bay Trail that extends from Third Street, south on Cargo Way.

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through Pier 98 to PG&E's Bayview Hunter's Point power plant; and from India Basin Shoreline Park to Hunter's Point Blvd (see attached map). ABAG has selected the project for funding.

In order to comply with the minimum requirements of the grant, the Port proposed to:

1. Work cooperatively with the City and County Department of Recreation and Parks (Rec. and Park). Rec. and Park would use grant funds to construct 0.1 mile of Bay Trail at India Basin Shoreline Park, located directly south across India Basin from Pier 98.

2. The proposed project would employ the CCC, SLUG, and San Francisco Conservation Corps (SFCC) to construct and maintain trails and landscaping. The CCC, a state agency, and SFCC, a private non-profit, offer employment and vocational training to young adults, primarily in natural resources conservation and related construction. SLUG is a non-profit, environmentally based job training and educational organization located in Bayview-Hunter's Point. SLUG operates the Log Cabin Nursery, which is capable of providing locally collected and propagated native plants that will be used for landscaping at Pier 98. SLUG also offers a unique connection with the community around Pier 98, an opportunity to involve local youth in the Pier 98 enhancement project, and in-kind support in the form of design consultation, community outreach, and volunteer work. Pending the Commission's authorization to accept the grant and Board of Supervisors approval of legislation enabling sole-source contracting, contracts with the CCC, SFCC and SLUG will be brought before the Commission for approval.

3. The Port's matching contribution would be $259,000, including $104,000 in direct financial contributions and $155,000 in-kind services (e.g. engineering design, Port staff time). The Port's financial contribution would come entirely from funds allocated from the 1997/98 capital budget to the Pier 98 enhancement project, and would include only expenditures which are already proposed and approved for the Pier 98 project.

Of the total $92,000 in grant funds, $47,000 would fund trail construction and maintenance. The Port's proposal also included $15,000/year for three years to fund landscape maintenance. Three years of intensive maintenance is the minimum required to ensure success of the wetland and upland revegetation proposed for Pier 98. Grant funds will substantially subsidize this maintenance work, and provide ongoing employment and training opportunities for local youth to working at Pier 98 through SLUG the CCC, and the SFCC. By supporting ongoing maintenance, this work will foster a sense of stewardship for the site within the community, and allow participants to develop specialized skill in native plant cultivation.

Because the Bay Trail must accommodate bicycles as well as pedestrians, the Port's grant application also proposed construction of a Class III bike route, running south on Cargo Way from Third Street to Pier 98. A Class III bike route is simply designated as a bike route by signs. Bikes will share the road with cars, as they do now, with no striping or restrictions to traffic or parking. This route is used by trucks accessing the Port's Pier 94/96 container terminal facility. In recognition of the maritime and industrial uses in the area, the Port will work with the Bay Trail Regional Development Program to develop signs and other information to ensure safe public access along the Bay Trail without interfering with existing access and operations.

The grant will be subject to the following primary terms and conditions:

- The Port must install and maintain permanent signs, designed by the San Francisco Bay Trail Regional Development Program, designating the bike route and pedestrian trail as Bay Trail.

- The Port must operate and maintain the trail upon completion.

- The Port must indemnify, hold harmless, and defend ABAG and the CCC from any and all liabilities, claims, damages or costs resulting from or in any way connected with the grant agreement.

The draft grant agreement is on file with the Commission Secretary. Staff requests authorization for the Executive Director to accept the Bay Trail Regional Development Program funds, and execute a grant agreement as proposed, in substantially the form on file with the Commission Secretary.

Prepared by: Carol Bach, Project Manager
Environmental Health and Safety Section

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-38

WHEREAS, The Port of San Francisco proposes to develop sections of the San Francisco Bay Trail extending from Third Street south through Pier 98, and at India Basin Shoreline Park in accordance with existing design plans; and

WHEREAS, The San Francisco Bay Trail Regional Development Program has selected the Port's proposal to receive grant funds for trail construction and maintenance; and

WHEREAS, The grant specifies that the Port contract with the California Conservation Corps and the San Francisco League of Urban Gardeners to complete the construction and maintenance, and

WHEREAS, The proposed work to be funded by the grant includes designation of a Class III bike route on Cargo Way, between Third Street and Pier 98; and

WHEREAS, The Port Commission agrees to the primary terms and conditions of the proposed grant agreement with the Bay Trail Regional Development Program; now therefore, be it

RESOLVED, That the Port Commission hereby approves acceptance of the grant funds and designation of a Class III bike route on Cargo Way, and authorizes the Executive Director to execute a grant agreement with the Bay Trail Regional Development Program in substantially the form on file with the Commission Secretary.

I hereby certify that the forgoing resolution was adopted by the San Francisco Port Commission at its meeting of April 28, 1998.

_____
Secretary

SAN FRANCISCO BAY TRAIL

	Proposed	Existing
Spine Trail	○○○○	●●●● (path) ■■■■ (bike lane)
Spur Trail	⊙⊙⊙⊙	◑◑◑◑
Connector Trail	|||||||||	(same)
Observation Platform	△	▲
Parking Area	(none proposed)	▣

Bay Trail: San Francisco

Map 3

Approx. Scale 0 .5 miles

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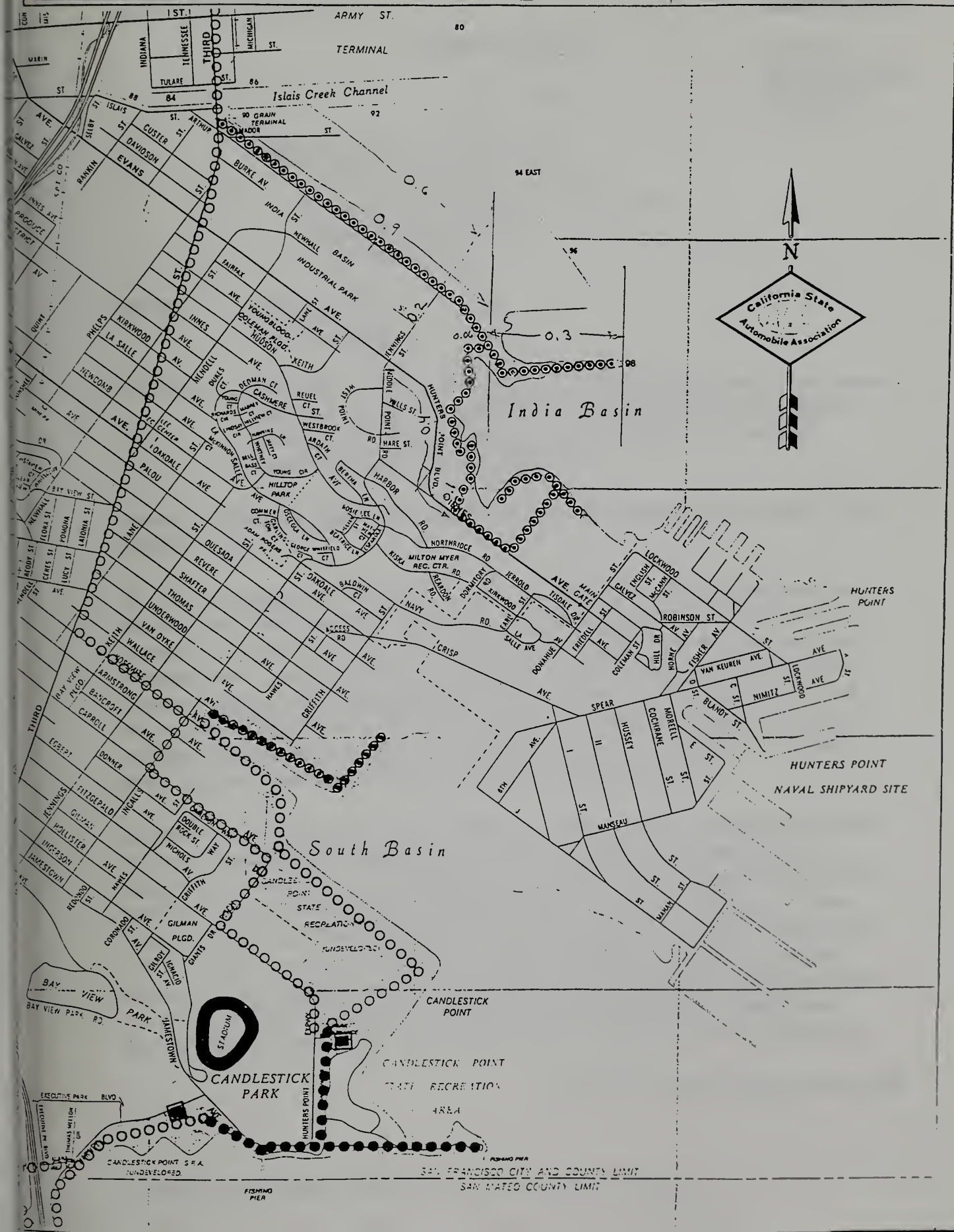
Map copyrighted 1979 by the California State Automobile Association. Reproduced by permission. ABAG



PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

April 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Frankie Lee

FROM: Douglas Wong
Executive Director

SUBJECT: Authorization to waive competitive bid and prevailing wage requirements enabling subsequent award of sole source contracts to the California Conservation Corps, San Francisco Conservation Corps, and San Francisco League of Urban Gardeners.

DIRECTOR'S RECOMMENDATION: THAT THE COMMISSION APPROVE THE RESOLUTION.

The Port has applied for, and been selected as a recipient of a $92,000 grant from the Association of Bay Area Governments (ABAG), pending subsequent Port Commission approval of a grant agreement. This funding would be used to construct and maintain trails and native plants at Pier 98. The grant program encourages cooperative efforts between agencies and private organizations, and therefore requires that projects funded by the grant be implemented by at least two agencies and/or organizations. The grant program also encourages use of the California Conservation Corps (CCC) to construct trails, and strong preference is given to projects that involve the CCC.

In order to accept the ABAG grant and meet its conditions, the Port proposes to contract with three organizations who offer job-training and employment opportunities to individuals in need of such opportunities: the California Conservation Corps (CCC), the San Francisco Conservation Corps (SFCC), and the San Francisco League of Urban Gardeners (SLUG). With adoption of the proposed ordinance (attached), contracts with the CCC, SFCC, and SLUG will be developed and submitted for Port Commission approval. These organizations share a common purpose in providing training and work experience to disadvantaged youth and adults. SLUG specializes in working in the Bayview Hunter's Point community, employing local residents to expand and enhance

This Print Covers Calendar Item No. 6C

gardens, parks, and natural areas. SLUG operates the Log Cabin Ranch Nursery that trains youth from the City's juvenile justice program to cultivate native plants used in environmental restoration projects. The Log Cabin Ranch Nursery is uniquely qualified to provide the locally propagated plants required for landscaping and native plant restoration at Pier 98.

The $92,000 in grant funds will be applied as follows: $47,000 toward initial construction, and $15,000/year for three years to fund landscape maintenance. The Port will contribute matching funds of $104,000, as required by the grant program. The total value of the contracts with SLUC, CCC, and SFCC would be up to $196,000. The grant funds will substantially subsidize the native plant restoration and maintenance work proposed for the Pier 98 project, and provide ongoing employment and training opportunities for local youth to working through SLUG and the Conservation Corps.

SLUG, SFCC, CCC, and the Pier 98 project will benefit from the employment and training opportunities offered by this project. By supporting ongoing maintenance, the contracts will foster a sense of stewardship for the site within the community and allow participants to develop specialized skill in native plant cultivation. Before the Port can enter these three contracts, the Board of Supervisors must adopt legislation waiving the competitive bid and prevailing wage requirements, enabling the Port to contract with these three organizations on a sole source basis. A copy of the proposed legislation is attached. With this resolution, Port staff requests the Commission's approval of the ordinance and authorization to pursue passage of this legislation by the Board of Supervisors.

Prepared by: Carol Bach, Project Manager
Environmental Health and Safety Section

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-39

WHEREAS, The Port of San Francisco proposes to contract with the California Conservation Corps, the San Francisco Conservation Corps, and the San Francisco League of Urban Gardeners to install and maintain trails and landscaping at Pier 98, and

WHEREAS, The proposed contract will benefit the public by improving Pier 98, and providing employment and training opportunities to San Francisco residents in need of such opportunity; and

WHEREAS, Legislation is required to waive the competitive bid requirements for the Port's award of contracts to the above referenced organizations; now therefore, be it

RESOLVED, That the Port Commission hereby adopts the ordinance waiving competitive bid requirements for the Port's award of contracts totaling up to $196,000 to the San Francisco League of Urban Gardeners, San Francisco Conservation Corps, and California State Conservation Corps (attached to the staff report dated April 6, 1998), and authorizes Port staff to propose that the Board of Supervisors adopt the ordinance.

I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of April 28, 1998.

_____
Secretary

[Competitive Bidding Exemption for Job Training Program]

WAIVING COMPETITIVE BID REQUIREMENTS FOR THE SAN FRANCISCO PORT COMMISSION'S AWARD OF PUBLIC WORKS CONTRACTS TO THE CALIFORNIA CONSERVATION CORPS, THE SAN FRANCISCO CONNSERVATION CORPS AND THE SAN FRANCISCO LEAGUE OF URBAN GARDENERS FOR PERFORMANCE OF WETLANDS ENHANCEMENT AND PUBLIC ACCESS ACTIVITIES AT PIER 98.

Note: The entire section is new.

Be it ordained by the People of the City and County of San Francisco:

Section 1. FINDINGS. The Board of Supervisors of the City and County of San Francisco hereby finds and declares as follows:

1. The California Conservation Corps is a non-profit organization that serves the public interest by providing job training and work experience for disadvantaged individuals in need of such training and work experience.

2. The San Francisco Conservation Corps is a non-profit organization that serves the public interest by providing job training and work experience for disadvantaged individuals in need of such training and work experience.

3. The San Francisco League of Urban Gardeners is a non-profit organization that serves the public interest by providing job training and work experience for disadvantaged individuals in need of such training and work experience.

4. Programs that enhance the skills of disadvantaged individuals serve the public interest because the development of skills by such individuals will have a significant positive impact on the economic health of the City.

5. The Port Commission wishes to award a negotiated contract in the total amount of $49,000 for a maximum term of three years subject to annual appropriation of funds, to the

California Conservation Corps for the performance of wetlands enhancement and public access activities at pier 98. The public will benefit from both the work to be performed and the training and work experience that will be gained by disadvantaged individuals.

6. The Port Commission wishes to award a negotiated contract in the total amount of $49,000 for a maximum term of three years subject to annual appropriation of funds, to the San Francisco Conservation Corps for the performance of wetlands enhancement and public access activities at pier 98. The public will benefit from both the work to be performed and the training and work experience that will be gained by disadvantaged individuals.

7. The Port Commission wishes to award a negotiated contract in the total amount of $98,000 for a maximum term of three years, subject to annual appropriation of funds, to the San Francisco League of Urban Gardeners for the performance of wetlands enhancement and public access activities at pier 98. The public will benefit from both the work to be performed and the training and work experience that will be gained by disadvantaged individuals.

Section 2. The Port Commission is hereby authorized to award negotiated contracts to the California Conservation Corps, the San Francisco Conservation Corps and the San Francisco League of Urban Gardeners in an amount exceeding $50,000 for performance of wetlands enhancement and public access activities at pier 98. The competitive bidding requirements of Chapter 6 of the San Francisco Administrative Code shall not apply to the award of said contracts. Pursuant to San Francisco Administrative Code section 6.1-3(k), the California Conservation Corps and the San Francisco League of Urban Gardeners are not required to pay prevailing wage rates on the contract awarded pursuant to this ordinance.

APPROVED AS TO FORM: LOUISE H. RENNE, City Attorney

By: _____
John W. Rakow III
Deputy City Attorney

PARK AND RECREATION
BOARD OF SUPERVISORS

PORT OF SAN FRANCISCO

MEMORANDUM

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
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April 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice-President
Hon. Michael Hardeman
Hon. Frankie G. Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to advertise for competitive bids for construction of the wetlands and public access enhancements at Pier 98.

DIRECTOR'S RECOMMENDATION: THAT THE COMMISSION AUTHORIZE STAFF TO ADVERTISE FOR CONSTRUCTION CONTRACTS FOR WETLANDS AND PUBLIC ACCESS ENHANCEMENT AT PIER 98.

The Port has designed, and is obtaining permits for a wetland habitat and public access improvement project at Pier 98 in compliance with an enforcement agreement between the Port and Bay Conservation and Development Commission (BCDC). The project will enhance existing wetlands, create approximately five acres of new wetland area, and revegetate the upland areas with native plants. Proposed public access improvements include landscaping, trails to fishing and viewing areas, a picnic area, and a wildlife viewing area with educational signs. The project also includes closing a portion of the site, which is regulated as a solid waste landfill, in accordance with an administrative order issued by the Regional Water Quality Control Board.

The Port Commission previously approved the project design (Resolution 97-67), and authorized funding in the Port's Capital Plan, adopted December 18, 1997. Port staff and consultants have completed the construction plans and specifications for the project. The proposed construction work will include primarily excavation and grading, installation of a geosynthetic liner over a portion of the site. To minimize potential environmental impacts, facilitate revegetation, and meet timelines established with funding and regulatory agencies, construction should be conducted during summer 1998. Staff requests authorization to advertise for a contract to construct the above described improvements at Pier 98.

The proposed project is currently estimated to cost approximately $2.1 million. The PUC has agreed to contribute $1 million of sewer revenue bond funds toward construction. Pending Commission authorization to accept the grant, the California State Coastal Conservancy will contribute $500,000 toward construction. The balance will be paid from the Port's 1997/98 Capital Plan.

Prepared by: Carol Bach, Project Manager
Environmental Health and Safety Section

This Print Covers Calendar Item No. **6D**

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-40

WHEREAS, the Port intends to construct wetlands and public access improvements at Pier 98 in compliance with BCDC and RWQCB orders; and

WHEREAS, the Port has developed construction plans and specifications for the project; and

WHEREAS, construction should be completed during summer 1998; now therefore be it

RESOLVED, that the San Francisco Port Commission hereby authorizes staff to advertise for bids to construct wetlands and public access improvements at Pier 98, at a total estimated cost of approximately $2,100,000.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 28, 1998.

_____
Secretary

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MEMORANDUM
April 21, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie G. Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Authorization to award "As-needed Engineering Services" contracts to Structus, Inc. & to Olivia Chen Consultants, Inc.

DIRECTOR'S RECOMMENDATION: AUTHORIZE STAFF TO AWARD "AS-NEEDED ENGINEERING SERVICES" CONTRACTS TO STRUCTUS, INC. AND TO OLIVIA CHEN CONSULTANTS, INC.

On September 23, 1997, the Port Commission adopted Resolution No. 97-80 which authorized Port staff to issue a Request for Proposals ("RFP") for as-needed engineering services. The resolution authorized the Port to hire either one consultant for a not-to-exceed a total of $300,000 or two consultants for a not-to-exceed total of $150,000 each. The scope of work includes structural, civil, and electrical engineering, geotechnical, architectural and cost estimating services.

In January 1998, the Port issued the project RFP. On February 9, 1998, the Port received proposals from twelve (12) consultant teams. On March 30, 1998, a Port selection panel interviewed and evaluated five (5) teams. Structus, Inc. ("Structus") and Olivia Chen Consultants, Inc. ("Olivia Chen") received the highest scores from the selection panel. The two firms' scores were very close yet were above the remaining finalists. The Human Rights Commission confirmed that Structus and Olivia Chen are responsive to the requirements of the San Francisco Administrative Code Section 12D meeting MBE/WBE goals.

Subsequently, the Port met with Structus and Olivia Chen to negotiate a fee. The Port has come to an agreement with each consultant to enter into separate contracts with the Port for a not-to-exceed fee of $150,000 for each contract, to provide the services. Each of the two contracts will be for one year with a one year option to renew. Structus is a certified MBE and Olivia Chen is a certified MBE/WBE firm. Attached is a report with a list of the firms that submitted proposals, the list of firms short listed, and scores from the selection panel members.

Prepared by: Cliff Jarrard, Chief Harbor Engineer
This Print Covers Calendar Item No. 6E

PORT COMMISION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-31

WHEREAS, on September 23, 1997, by Resolution No. 97-80, the Port Commission authorized staff to issue an RFP for as-needed engineering services; and

WHEREAS, the resolution authorized the Port to hire either one or two consultants not to exceed a total amount of $300,000; and

WHEREAS, on February 9, 1998, the Port received proposals for this professional services work; and

WHEREAS, a selection panel of Port and other City staff reviewed all proposals and interviewed five proposers to select the best qualified team or teams; and

WHEREAS, the selection panel selected Structus, Inc. and Olivia Chen Consultants, Inc.; and

WHEREAS, the contracts will provide for structural, civil, electrical engineering, geotechnical, architectural and cost estimating; and

WHEREAS, the Human Rights Commission has confirmed that these firms are responsive in accordance with Section 12D of the San Francisco Administrative Code incorporated into the RFP; now therefore be

RESOLVED, that the San Francisco Port Commission hereby approves the authorization to award the subject professional services contracts for "As-needed Engineering Services," to Structus Inc. at a cost not to exceed $150,000 and to Olivia Chen Consultants, Inc. at a cost not to exceed $150,000.

I hereby certify that the foregoing resolution was adopted by the Port Commission at its meeting of April 28, 1998.

_____
Secretary

PORT OF SAN FRANCISCO

MEMORANDUM

TO: -Cliff Jarrard
Alex Lee

DATE: April 22, 1998

FROM: Rob Lim

SUBJECT: As-Needed Engineering Services Consultant Evaluations

SUMMARY

In response to Commissioner Brandon's request for additional information regarding the above subject, I have attached the following spreadsheets:

Information On All Teams That Submitted A Proposal:

- Detail sheet showing Panel Members' scores for all evaluation criteria.
- Summary sheet showing total scores, average score, total scores with preference applied, and 12B compliance.
- Summary sheet showing ordinal rankings.

Information On Shortlisted Teams:

- Detail sheet showing Panel Members' scores for all evaluation criteria.
- Summary sheet showing total scores, average score, total scores with preference applied, and 12B compliance.
- Summary sheet showing ordinal rankings.

DISCUSSION

Evaluation of All Teams

A total of 12 teams submitted proposals of which 9 teams are MWBEs or MWBE joint ventures. Five of the twelve teams were shortlisted. The shortlisted teams were ranked higher because of the following reasons:

- Significant and relevant experience in waterfront facilities and experience in providing services on an as-needed basis.
- Excellent qualifications, professional background, and track record in providing service.
- Well organized with staff and resources to handle as-needed projects; capacity and flexibility to meet project schedules and to perform on short notice and under time constraints; ability to control project costs.

- Comprehensive approach to as-needed projects; understanding of the nature and extent of the services required and a specific outline of how the work will be performed; awareness of potential problems and providing possible solutions.
- Superior presentation, completeness, clarity, organization, and responsiveness of the proposal.

Examining the ordinal rankings shows that there is a natural "cut-off" between the top five teams and the other teams. For the top five teams, out of the 15 ordinals, 14 are within the top 5. The only exception is Faye Bernstein/Rutherford & Chekene which received an ordinal ranking of 7 from one panel member. The panel members independently reviewed and evaluated the proposals. The consistency in the ordinal rankings reaffirms the results of the scoring.

It should be noted that no-one has protested the results.

Evaluation of Shortlisted Teams

This final phase of the evaluation consisted of scoring the teams' presentations and interview responses. It was clear that 2 teams stood above the others. The top 2 teams scored higher because of superiority in the following areas:

- Relevant experience and qualifications.
- Team and staff qualifications.
- Organization including resources, cost control, ability to meet schedules, responsiveness, and staffing.
- Approach including understanding of nature of work, performance outline, awareness of problems and proposed solutions.
- Quality control.
- Project management.
- Computer capabilities particularly CAD.
- Completeness and clarity of the presentation and interview responses.

The panel members independently gave the top two teams ordinal rankings of 1 and 2. The ordinal rankings reaffirms the results of the scoring.

As-Needed Engineering Services RFP- Ordinal Rankings

Feb-98

Rank	Team Name	Ordinal Rankings Without Preference Applied			
		Panel Member 1 Ordinal Ranking	Panel Member 2 Ordinal Ranking	Panel Member 3 Ordinal Ranking	TOTAL
1	Structus	1	2	1	4
2	Olivia Chen	5	1	3	9
3	CTEA	2	3	5	10
4	FBA/R&C	2	7	2	11
5	AGS/OPAC	4	4	4	12
6	Lee/EQE	7	8	6	21
7	Concept Marine	9	6	7	22
8	Mendoza & Associates	10	5	8	23
9	Manna	6	9	9	24
10	Kpa	7	11	10	28
11	GKO	12	10	11	33
12	URS Greiner/R&M/Gelfand	11	12	12	35

As-Needed Engineering Services RFP - Scores

03/20/98

Rank	Team Name	SCORE						12B Compliance
		Panel Member 1	Panel Member 2	Panel Member 3	Average	HRC Preference %	TOTAL	
1	Structus	92.00	97.00	95.00	94.67	10.00	104.13	Y
2	Olivia Chen/Moffatt&Nichol	82.00	98.00	93.00	91.00	10.00	100.10	Y
3	FBA/R&C	85.00	92.00	91.00	89.33	10.00	98.27	Y
4	AGS/OPAC	82.50	95.00	90.00	89.17	7.50	95.85	Y
5	CTEA	85.00	96.00	89.00	90.00	0.00	90.00	Y
6	Lee/EQE	75.00	91.00	79.00	81.67	10.00	89.83	N
7	Manna	81.50	88.00	74.00	81.17	10.00	89.28	Y
8	Mendoza & Associates	70.00	94.00	75.00	79.67	10.00	87.63	Y
9	KPa	75.00	81.00	73.00	76.33	10.00	83.97	Y
10	GKO	62.00	87.00	72.00	73.67	10.00	81.03	Y
11	Concept Marine	72.00	93.00	78.00	81.00	0.00	81.00	Y
12	URS Greiner/R&M/Gelfand	64.50	74.00	71.00	69.83	0.00	69.83	N

As-Needed Engineering Services

Part 2 Scoresheet Detail - SHORTLISTED FIRMS

22-Apr-98

PM = Panel Member Shaded = Highest Ranked

Part 2 Point System:		Max		AGS/OPAC			Faye Bernstein/Rutherford & Chekene			Cistran/Tectonics			Olivia Chen			STRUCTUS		
	Criteria	Points		PM 1	PM 2	PM 3	PM 1	PM 2	PM 3	PM 1	PM 2	PM 3	PM 1	PM 2	PM 3	PM 1	PM 2	PM 3
A.	**Presentation**		50	42.0	46.0	45.0	30.5	32.0	37.0	38.5	34.0	41.0	44.0	45.0	49.0	44.5	45.0	50.0
	1. Relevant experience	10		8	10	10	7	7	10	7	6	9	8	9	10	9	9	10
	2. Team and staff qualifications	10		9	9	9	8.5	7	8	8	7	8	9	10	10	9	9	10
	3. Organization including resources, cost control, ability to meet schedules, short notice, staffing	10		8	9	9	5	6	7	7.5	6	8	8	8	10	8	9	10
	4. Approach including understanding of nature of work, performance outline, awareness of probs and solutions	10		8	10	8	5	6	6	8	6	8	9.5	8	9	9.5	9	10
	5. Completeness and clarity of the presentation	10		9	8	9	5	6	6	8	9	8	9.5	10	10	9	9	10
B.	**Interview, see formula below**		50	38	41	44	37	38	43	39	37	42	36	44	45	40	47	47
	Question #1	10		7.5	10	9	6.5	8	9	7	7	8	8	9	9	9	10	9
	Question #2	10		8	9	9	7	9	8	7	7	8	7.5	9	9	7.5	9	9
	Question #3	10		7.5	7	8	7	7	8	7	8	8	7	9	9	8	10	10
	Question #4	10		8	7	9	7	8	8	8	6	9	7.5	9	9	8	10	9
	Question #5	10		8	9	9	8	7	8	8	7	8	7	8	9	7	8	9
	Question #6	10		9	7	10	8.5	8	10	9	8	9	7	7	8	8.5	9	9
	Question #7	10		7	7	8	7	7	9	7	8	8	7	10	10	7.5	9	9
	Question #8	10		7	8	8	8	6	8	9	8	8	7	9	8	8.5	10	10
	Question #9	10		7	10	10	8	8	9	8.5	7	9	7.5	9	10	7.5	10	10
	Total/90 X 50, round to nearest																	
	Part 2 Total		**100**	80.0	87.0	89.0	67.5	70.0	80.0	77.5	71.0	83.0	**80.0**	**89.0**	**94.0**	**84.5**	**92.0**	**97.0**

CONSULTANT INTERVIEW QUESTIONS
AS-NEEDED ENGINEERING SERVICES
March 30, 1998

1. Assume that you are working on an urgent design project. At the 30% review stage, the Port determines that the plans are inadequate, the progress insufficient, and that the current billing is excessive in relation to actual progress. How would you address and correct these situations?

2. What are the keys to managing a project successfully? How does your team structure and work approach ensure a successfully managed project?

3. Given that you do not know the particular details of the projects the Port will assign to you, how do you plan to staff these projects?

4. There may be times when the Port needs to immediately contact the project principal or project manager. What assurances can you give the Port that it will be responded to in a timely fashion?

5. What are your plans for quality control for the work produced under this contract? Who will be providing detailed review of the work products?

6. Describe your computer and software capabilities including AutoCAD and using CAD guidelines other than your own?

7. What project control procedures do you to apply to projects to assure that schedule requirements and high quality standards are achieved?

8. Describe your abilities to provide land survey and traffic analysis services.

9. How do you coordinate the CAD drawing development and production for a multi-disciplinary project team? How do you assure that there is minimal "recycling" time and errors during the design phase?

As-Needed Engineering Services RFP - Part 2 Scores - Shortlisted Firms

03/30/98

Rank	Team Name	SCORE						12B Compliance
		Panel Member 1	Panel Member 2	Panel Member 3	Average	HRC Preference %	TOTAL	
1	Structus	84.50	92.00	97.00	91.17	10.00	100.28	Y
2	Olivia Chen	80.00	89.00	94.00	87.67	10.00	96.43	Y
3	AGS/OPAC	80.00	87.00	89.00	85.33	7.50	91.73	Y
4	FBA/R&C	67.50	70.00	80.00	72.50	10.00	79.75	Y
5	CTEA	77.50	71.00	83.00	77.17	0.00	77.17	Y

As-Needed Engineering Services RFP- Ordinal Rankings

03/30/98

Rank	Team Name	Ordinal Rankings Without Preference Applied			
		Panel Member 1 Ordinal Ranking	Panel Member 2 Ordinal Ranking	Panel Member 3 Ordinal Ranking	TOTAL
1	Structus	1	1	1	3
2	Olivia Chen	2	2	2	6
3	AGS/OPAC	2	3	3	8
4	CTEA	4	4	4	12
5	FBA/R&C	5	5	5	15

PORT OF SAN FRANCISCO

Ferry Building
San Francisco, CA 94111
Telephone 415 274 0400
Fax 415 274 0528
wwwsfport.com

MEMORANDUM

April 23, 1998

TO: MEMBERS, PORT COMMISSION
Hon. Denise McCarthy, President
Hon. Kimberly Brandon, Vice President
Hon. Michael Hardeman
Hon. Frankie G. Lee

FROM: Douglas F. Wong
Executive Director

SUBJECT: Approve Resolution No. 98-41 Authorizing Staff to Issue a Developer Request For Qualifications and Proposals for Design, Rehabilitation and Lease of the Ferry Building

DIRECTOR'S RECOMMENDATION: Authorize Issuance of a Developer Request For Qualifications and Proposals for Design, Rehabilitation and Lease of the Ferry Building.

This staff report provides information on the Ferry Building Rehabilitation Project, proposed objectives and key issues, and includes a recommendation for your authorization of the issuance of a developer Request For Qualifications and Proposals for the Project.

A. Introduction and Background

The Ferry Building has long stood as a symbol of the San Francisco waterfront, and is one of the City's most widely and easily recognized landmark buildings. The building serves a vital transportation function as a link between increasingly busy ferry operations on the bayside and existing and planned transit operations on the cityside. The building is also a significant resource for the Port of San Francisco, housing the Port's administrative offices and providing important commercial rental income.

THIS PRINT COVERS CALENDAR ITEM NO. 7A

For the past five years the Port has worked with consultants and other experts, and hosted public meetings and workshops, to develop, evaluate and refine alternative concepts for the Ferry Building. In 1994, a consultant team led by Polshek & Partners prepared a feasibility study that identified four alternative concepts that generally fit within the regulatory, community acceptance, and physical constraints of this historic landmark. Financial feasibility studies have been prepared, along with several reports on the physical condition of the building. Seismic strengthening is underway through Federal Emergency Management Agency ("FEMA") grants. Port staff and consultants have also prepared an illustrative plan for the Ferry Building Rehabilitation Project which the Port's Public Affairs Management consultant team has used to initiate environmental and historic preservation approval processes.

Over the past few months, Port staff have worked with San Francisco Planning Department and Bay Conservation and Development Commission staff in refining the development concepts. The Ferry Building Advisory Group has provided considerable insight and assistance in their meetings this year with Port staff.

The Mid-Embarcadero Roadway Project and Downtown Ferry Terminal Project together will provide extensive physical improvements on the cityside and bayside of the Ferry Building, ensuring that a rehabilitated Ferry Building will be located in an appropriate setting. The Port is considering the relocation of its offices into Pier 1, thereby demonstrating the adaptive reuse potential of the Port's many pier shed buildings as well as freeing more leasable space within the Ferry Building for prospective developers.

The Port is committed to encouraging diversity in the design, construction, leasing and operation of the Ferry Building. To that end, developers will be expected to work with the Port and the Human Rights Commission to establish MBE/WBE utilization goals for subcontractor participation in design and construction, as well as hiring goals for employment and training programs related to leasing in the Ferry Building.

B. Port Goals—Ferry Building Rehabilitation Project

Port staff believes that there are three fundamental goals that should be achieved through the Ferry Building Rehabilitation Project, which are expanded upon below.

1. ***The Ferry Building must be a signature project which receives a high level of public support.***

2. ***The Ferry Building must strengthen the Port's long-term financial position.***

3. ***The Ferry Building must enhance the Port's ability to undertake other projects.***

1. The Ferry Building must be a signature project which receives a high level of public support.

Because of its extraordinary visibility and public image, the Ferry Building will be the centerpiece of the Port's redevelopment efforts. Its quality and success would influence how the Port's overall efforts are viewed for many years to come.

With the Ferry Building at the center of a $500 million public investment on the Embarcadero—roadway improvements, promenade, ferry terminal and waterside improvements—the level of expectations will be very high.

The quality of development, the restoration of the historic structure, the physical re-use, and especially the public nature of the ground floor use will be very critical factors in the project's success.

2. The Ferry Building Rehabilitation must strengthen the Port's long-term financial position.

Over the last several years, the Port has worked hard to improve its financial position, both in terms of net revenues and balance sheet. This has been achieved by significant changes in personnel levels, improved management, and fuller utilization of available resources. As a result of these efforts and the scheduled amortization of outstanding debt, the Port expects to seek rating upgrades from the major rating agencies.

This improved financial position is important to both the Port and the City because (a) the Port is financially independent and does not rely on City subsidies, and (b) it enables the Port to carry out an expanded capital plan that will result in productive, income-generating development along much of the waterfront. Therefore, it is essential that development of the Ferry Building strengthen and positively affect the Port's long-term financial position.

Some of the specific implications of this objective are as follows:

a. Net financial benefits from the Ferry Building must be maintained. The Port now receives financial benefits consisting of net cash receipts of about $1.4 million after not paying any rent for its own office space. However the project is structured—whatever combination of up-front and annual master lease payments from the ultimate development—the Port should not be financially worse off after the Project is completed.

b. The Port's financial risks must be minimized. This includes risks during predevelopment, permitting, financing, construction and ongoing management.

c. The Port should have some up-side potential from the development since it has contributed to the value of the property through its various land use, environmental and legal efforts that would otherwise require major developer risk, time and cost.

d. The financial consequences must be evaluated in terms of the Port's investment and return in the entire surrounding area. This includes, for example, the renovation of Pier One, the Downtown Ferry Terminal Project and the Mid-Embarcadero Roadway Project.

3. The Ferry Building must enhance the Port's ability to undertake other projects.

The Port's recent successful role in the disposition and development agreement and the ground lease for the Pacific Bell Park has strengthened the Port's capacity as a real estate development agency—by demonstrating its ability to work effectively with major private parties and other public agencies on an extremely time-sensitive and high-profile project. In the same way, the Ferry Building Project will significantly affect the Port's ability to undertake a whole series of other development efforts along the waterfront.

If the Port can succeed in such a highly visible project, its ability to work with private developers, with major lenders, with historic tax credit investors and with various public agencies will be further enhanced.

C. Project Objectives and Development Guidelines

Port staff have developed the following objectives and development guidelines for the Ferry Building which, with modifications as appropriate following consideration by the Commission, would be incorporated into the developer Request For Proposals.

1. Project Objectives

The Port's primary objectives for the Ferry Building Rehabilitation Project are to achieve:

- a high quality building rehabilitation
- creation of financially successful, premium space
- a focal point on the waterfront and link to Downtown
- the capture and enhancement of historic qualities

More specifically, the Port expects the Project will achieve the following:

Financial

At a minimum, provide the Port financial benefits equal to those it now receives, i.e., $1.4 million net annually, with adjustments for cost-of-living, some upside potential, and compensation for loss of rent-free space within the Ferry Building.

Physical Design

- meet the U. S. Secretary of the Interior's Standards for Rehabilitation of Historic Structures and the Port's Development Guidelines

- restore the Ferry Building's cityside façade and provide a graceful entry and lobby for the building and uses on the second floor
- renovate the facility to current fire & safety and building code standards, including energy and seismic

Planning and Land Use

- be consistent with the Port's Waterfront Land Use Plan and Design & Access element
- create public-oriented uses on the ground floor which will:
  - be a vibrant mix of commercial, retail and public uses, e.g., restaurants, shops, entertainment, museums, galleries, cultural and educational uses appropriate for a public facility and transportation center on the waterfront
  - accommodate transit passengers waiting for ferries, with shelter from bad weather
  - take advantage of Ferry Plaza and adjoining sidewalk plazas linkages
  - both attract people to enjoy the waterfront and benefit from waterfront visitors
- provide a development program reliant on existing amounts of parking
- Include uses that are responsive to public trust objectives; permitted uses include office, retail, maritime, transportation and visitor services, assembly and entertainment, museums, public and other markets, recreational enterprises, academic institutions, community facilities
- Not Include uses unacceptable under the Waterfront Land Use Plan, such as hotels, residential, non-maritime private clubs, wholesale trade/promotion centers

2. Development Guidelines

In addition to a high quality restoration of this historic landmark, the Port strongly desires a project that will enhance the public's appreciation of and access to the San Francisco waterfront. This can be accomplished through careful design and incorporation of retail and other public activities and events.

This building is an important civic monument, and therefore its name and identity must remain the Ferry Building.

During the period of exclusive negotiations the selected developer will work with the Port to complete a project design which meets criteria of the Port's Waterfront Land Use Plan and its Design & Access element. This Plan establishes development standards for the Ferry building which are intended to provide general, overall parameters for the building's renovation.

The1978 Design Guidelines for Restoration and Adaptive Reuse of the Ferry Building (Charles Hall Page & Associates) provide guidance for historic architecture elements for the Ferry Building. Port staff have also had extensive discussions with representatives of public agencies and non-profit organizations since that time. The project must meet the U.S. Secretary of the Interior's Standards for Rehabilitation of Historic Structures.

Port staff working with its consultants and the Ferry Building Rehabilitation Advisory Group have also identified key public spaces to be provided within the Ferry Building.

The front and two end facades of the Ferry Building should be restored, while the much-altered bayside façade may incorporate modern features with a central entrance on the bay flanked by symmetrical building forms.

The Embarcadero entrance should retain the central concourse to the Bay that the Downtown Ferry Terminal Project will provide. The historical south staircase should be retained, and the original north staircase restored. The staircases should lead to a second floor lobby or public space that recreates and restores a central portion of the original three-story Nave at the building's center, centered over the California State Seal. Further expansion of the Nave would be encouraged. The second floor space under the clock tower should be public. Existing interior historic architectural fabric should generally be retained, and historic plans, specifications and photographs of the building should be preserved and displayed.

The north cityside arcade should be partially reopened, and the south cityside arcade should remain and be configured in a symmetrical way. The south bayside arcade and second floor deck may be enclosed to provide additional leasable building square footage.

To maintain a Port presence, the Port Commission should maintain its Meeting Room and a formal office within the Ferry Building. The "Port of San Francisco" sign should be retained, and the clock tower chimes restored.

These are described more fully in the attached Request For Proposals with selected appendices.

D. Key Issues

Parking

There is minimal parking on-site at the Ferry Building. However, adjacent properties owned by the Port, including Pier 1 and the former gas station and parking lot across The Embarcadero, may have parking available for lease (approximately 150-200 spaces). Further, there is a potential development opportunity for an underground garage nearby in Assessor's Block 202 north of Justin Herman Plaza. There are currently 4,000 parking spaces in parking garages in the vicinity of the Ferry Building, within four blocks. Much of this parking, of course, is already allocated to other uses.

It will be the responsibility of the developer selected for this effort to secure the necessary parking for the project. This will be especially important for first floor

retail and related uses, which typically have greater parking demand than uses such as offices. These limitations on parking, however, do suggest that office uses should continue on the building's upper floors.

State Lands Commission

The California State Lands Commission ("State Lands") has oversight over State of California lands including those administered by the Port Commission. State Lands monitors Port activities to insure compliance with public trust doctrines promoting maritime-related fisheries, commerce, navigation, recreation and open space. State Lands typically does not specify permitted and prohibited uses, relying instead on qualitative assessments of proposed projects.

Port staff anticipate that State Lands will consider two upper floors of offices to be acceptable ancillary uses, since this is the existing use of the building, the Ferry Building is a historic resource, and its ground floor of about 105,000 square feet would be fully utilized for publicly-oriented trust uses. Further, such an office component would be relatively small in comparison to the full complement of public access, ferry terminals and water-oriented commercial activity at ground level (about 376,000 square feet) in the Ferry Building's immediate surroundings.

Port's Offices and the Public Nature of the Ferry Building

As you are aware, the Port is considering possible relocation of the Port's administrative offices to Pier 1, and are currently evaluating responses to a developer Request For Qualifications. The Port presently occupies about 42,000 square feet within the second and third floors of the Ferry Building. While office space planning efficiencies could reduce this demand somewhat, relocating the majority of the Port's offices to Pier 1 would make the Ferry Building renovation much more feasible by making available for lease more highly marketable, premium space within the Ferry Building.

The Ferry Building, however, has great symbolic importance to the Port and to the people of San Francisco. Accordingly, staff believes that the Port Commission Room and formal offices for the Commission and Executive Director should remain within the Ferry Building. Further, the building should have a greater public presence than now exists. This will be accomplished through the Design Guidelines, which require ground level uses which attract and depend upon a public presence, and public entry spaces reflective of the Ferry Building's history.

Seismic

The Ferry Building was constructed with a steel frame above a reinforced concrete foundation whose exceptional strength allowed it to withstand the 1906 earthquake. While it was designated a National Historic Civil Engineering Landmark in 1975, it predated modern seismic standards.

Although considerable seismic reinforcement work has occurred since its construction, additional seismic work would be required to bring the building fully up to current seismic standards.

Existing Tenants

There are about 100 tenants in the Ferry Building, of whom four have long-term leases. The World Trade Club, a private business club, occupies 29,521 sq. ft. on the third floor of the north wing, with 25,863 sq. ft. under a long-term lease expiring in 2004 and 3,658 sq. ft. month to month. Limbach & Limbach, a law firm, occupies 35,434 sq. ft. in the south wing, with 20,197 sq. ft. under a long-term lease expiring in 2006 and 15,237 sq. ft. month to month. Amtrak occupies 4,100 sq. ft. on the first floor of the north wing with a lease expiring in 2005. Omar's Café occupies 1,148 sq. ft. on the ground floor with a lease into 2000. Other uses within the building are on month to month leases or leases which end by the year 2000.

The developer may work around the existing leased spaces, or negotiate with the tenants regarding temporary or permanent relocation within or outside the building. With the exception of the four tenants cited above, the Port will relocate all occupants to the extent required by the Federal Uniform Relocation Act.

E. Environmental Review

Issuance of the Request For Qualifications and Proposals does not commit the Port Commission to approving the project, and the Port will not enter into any lease or development agreement until there has been complete compliance with the California Environmental Quality Act ("CEQA"). The Port has submitted an environmental study to the San Francisco Planning Department, prepared under that Department's direction, in order to determine the level of environmental review required.

F. Evaluation and Selection Process

Port staff intends to utilize the Port objectives, project objectives and design guidelines described above to develop criteria to guide negotiations with the developer ultimately selected for this project. These will be organized into financial, design and institutional parameters, to address the economic return to the Port, the physical design of the building, and the relationship between the Port and developer for the Ferry Building, respectively.

Developer Qualifications and Proposals will be solicited under a two-stage process in one document, the attached Request For Qualifications and Proposals ("RFP"). The Port will seek qualifications and general concepts in the first phase, and then seek proposals from a "short list" of developers selected therein. The RFP describes the opportunity, the Ferry Building itself, its tenants, the public spaces and surroundings, the Port's development goals and objectives, general terms and conditions, the responsibilities of the Port and the developer, the regulatory process, the selection process and schedule, the submittal requirements initially for qualifications now and later for proposals, and the selection criteria. It includes Appendices which provide additional information and a listing of the many Ferry Building reports that are also available at cost to interested developers.

Proposed Schedule for developer selection:

- Issuance of RFP: May 15, 1998
- Pre-Submittal Meeting and Tour of Facility: June 2, 1998
- Developer Qualifications Due: June 29, 1998
- Review of Qualifications and Selection of "Short List": July 1998
- Solicitation of Proposals from "Short List": July 31, 1998
- Developer Response Due: September 30, 1998
- Developer Selection and Exclusive Right to Negotiate: October 1998

G. Recommendation

Based on the information prepared and summarized herein, Port staff recommends that the Commission authorize issuance of a developer Request For Qualifications and Proposals for the Ferry Building.

Attachments

Prepared by: Paul Osmundson
Director of Planning & Development

I:\Port Commission RFP Memo 4.22.98.doc

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 98-41

WHEREAS, Charter Section 3.581 empowers the Port Commission with the authority and duty to use, conduct, operate, maintain, manage, regulate and control the lands within Port jurisdiction; and

WHEREAS, over the past five years, Port staff have worked with consultants and other experts, and hosted public meetings and workshops, to develop, evaluate and refine alternative concepts for the Ferry Building and evaluate their financial feasibility; and

WHEREAS, over the past few months, Port staff have worked with San Francisco Planning Department and Bay Conservation and Development Commission staff in further refining the development concepts, and received the advice and counsel of the Ferry Building Advisory Group; and

WHEREAS the Port Commission now wishes to proceed with the rehabilitation of the Ferry Building, in order to achieve a signature project which receives a high level of public support, strengthens the Port's long-term financial position, and enhances the Port's ability to undertake other projects, consistent with the Port's Waterfront Land Use Plan; and

WHEREAS the Port is committed to diversity in the design, construction and employment opportunities represented by this project; and

WHEREAS issuance of a request for qualifications and proposals does not commit the Port to proceeding with the project, and the Port will not approve any lease or development agreement for the project until there has been complete compliance with the California Environmental Quality Act ("C"QA"); and

WHEREAS Port Commission policy requires competitive bidding of this opportunity; now, therefore, be it

RESOLVED, that the Port Commission hereby authorizes and directs Port staff to issue a request for qualifications and proposals for design, rehabilitation and lease of the Ferry Building, in accordance with the terms set forth in the memorandum and attachments to the Port Commission for item 7A of the Port Commission's April 28, 1998 meeting, a copy of which is on file with the Port Commission Secretary, and in such form as is approved by the Executive Director, or his designee, and the City Attorney.

I hereby certify that the Port Commission at its meeting of April 28, 1998 adopted the foregoing Resolution.

_____
Secretary

SAN FRANCISCO
PORT COMMISSION

APRIL 28, 1998
MINUTES OF THE REGULAR MEETING

MEMBERS, PORT COMMISSION

HON. DENISE McCARTHY, PRESIDENT
HON. KIMBERLY BRANDON, VICE PRESIDENT
HON. MICHAEL HARDEMAN
HON. FRANKIE G. LEE

DOUGLAS F. WONG, EXECUTIVE DIRECTOR

CITY & COUNTY OF SAN FRANCISCO
PORT COMMISSION

MINUTES OF THE REGULAR MEETING
APRIL 28, 1998

1. ROLL CALL

The meeting was called to order by Commission President McCarthy at 4:25 p.m. The following Commissioners were present: Denise McCarthy, Kimberly Brandon, Michael Hardeman and Frankie Lee.

2. APPROVAL OF MINUTES - April 14,1998

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; the minutes of the meeting were adopted.

2. EXECUTIVE

A. Executive Director's Report: Mr. Wong reported the following:

(1) The San Francisco Giants have been very successful in hiring and utilizing MBE/WBE firms in the development of the new ballpark. Under their development agreement and lease with the Port, the Giants are required to monitor and report to the HRC and the Port their activities regarding MBE/WBE participation on a quarterly basis. A copy of the first quarter report has been provided to the Commission. The report indicates that they have been very successful in their efforts to promote diversity in the design and construction of the project. There was approximately $40 million of subcontracting work; $10 million of which were granted to African American subcontractors. The next quarterly report is due on May 15th and staff will brief the Commission at that time.

(2) Port staff has prepared a discussion draft RFP for the Passenger Services Vessel Landing for the Pacific Bell Ballpark. Copies can be obtained from Anne Cook, Manager of Waterfront Developments. Comments on the RFP must be in writing and submitted to Anne Cook by May 15th.

(3) Charles Mitchell, Port's Chief Wharfinger, is retiring on Friday after serving the City and the Port for the past ten years. As Chief Wharfinger, Mr. Mitchell and his staff have handled all maritime operational matters on the waterfront and served as the Port's liaison with the Port's marine terminal operators, harbor service providers, the U.S. Coast Guard and the U.S Navy. Mr. Mitchell's dedication to the Port and our maritime industry has always been clear in his work. On behalf of staff and the Commission, he thanked Mr. Mitchell for his dedication and hard work and congratulated him on his retirement.

(4) Norwegian Wind will be docked in Pier 35 tomorrow and a presentation on board the ship will take place at noon.

B. Authorizing the Executive Director to enter into a sole-source contract with Heyday Books to publish, promote, print, distribute and warehouse the Ferry Building Centennial Keepsake Book as part of the centennial celebration of the Ferry Building. (Resolution No. 98-42)

Ms. Renee Dunn, Public Relations Officer, indicated that on July14, 1998, San Francisco will celebrate the centennial of the Ferry Building, one of the City's most treasured landmarks. On January 27, 1998 the Port Commission approved a resolution authorizing the Port to enter into a sole-source contract with Resource Consultants, Nancy Olmsted, to produce a camera-ready manuscript for a Ferry Building Keepsake Book as part of the centennial celebration of the Ferry Building.

The first three chapters of the draft manuscript have been completed. Ms. Olmsted has purchased the rights to use more than 200 photographs that will be included in this historic keepsake book, many of these extraordinary photos have never been viewed by the general public. The next phase is to publish the manuscript for the Ferry Building Centennial Keepsake Book. After contacting a number of local publishers, most were unable to publish the book in 1998 or lacked the ability to produce, promote and distribute such a high-quality book in a short time, at a reasonable price. Of the publishers that were contacted, Heyday Books was the only one willing to publish the manuscript within the Port's time frame and specifications.

Taking the above elements into consideration, staff is seeking the Port Commission's approval to enter into a sole-source contract with Heyday Books to publish, promote, print, distribute and warehouse 3,500 copies of the Ferry Building Centennial Keepsake Book for the total sum of $63,000.

Port staff also consulted with San Francisco Art Commission and De Young Museum to discuss their respective experiences with book publications. The Publications Editor for the De Young Museum reviewed Heyday's proposal and confirmed that the terms were standard for the industry and consistent with De Young's prior arrangements for distribution agreements. In addition to its historic and artistic value, this quality keepsake book will be used to generate positive publicity about the Ferry Building and the San Francisco Waterfront during the Port's promotional campaigns, maritime events and foreign trade missions. The Port reasonably expects to recover approximately $22,000 after book sales from the first printing. If the book sells 15,000 copies, the Port could fully recover the publication costs. The Port's primary goal is to generate publicity for this treasured national landmark and to chronicle the history of San Francisco's waterfront.

Heyday Books of Berkeley, California has been publishing quality books on California history, literature and the environment for 25 years. Publishing about twelve books a year and a quarterly magazine, Heyday Books has recently published books on Environmental Education, Native American Literature, The Gold Rush, Regional Anthologies and Guides and Women of the West.

Heyday Publisher Malcolm Margolin is highly respected in the book publishing community and he hopes to feature the Ferry Building Centennial Keepsake Book on the cover of Heyday's Fall Book Catalog. Mr. Margolin currently serves on the board of a number of institutions including the San Francisco Bay Area Book Council, the Yosemite Institute, the California Studies Association and the Institute for the Preservation of the Original Languages of the Americas. He has received various prestigious awards from the

American Book Awards, The Bookbuilders West Association and the Bay Area Book Reviewers Association.

Heyday has published or co-published books with the California Historical Society, California Council for the Humanities, Oakland Museum, National Audubon Society, Headlands Center for the Arts, California Oak Foundation, Golden Gate National Park Association and others.

In the contract agreement, the Port of San Francisco shall be the copyright owner and publisher of the book. Heyday Books shall be listed as co-publisher, and this in no way affects the Port's sole ownership of the stock of books and all rights to it. Heyday Books shall have 3,500 books printed, bound, and ready for distribution no later than October 30, 1998, unless prevented from doing so by lateness of material, delays in approval by the Port, or by circumstances beyond its control.

Heyday Books shall agree to conduct final editing, design work, production, camera work, printing, binding and shipping for the sum of $63,000. Heyday Books shall agree to manage commercial distribution, sales, marketing, and publicity for the Ferry Building Centennial Keepsake Book.

The Port shall grant Heyday Books the exclusive right to sell copies of the book to libraries, the book trade, and other retail and wholesale outlets such as museums stores and park visitor centers for 12 months from the date of the book release, with automatic renewal unless either the Port or Heyday Books gives six months advance termination notice. Heyday Book's commission will be 50% of the net sales for the first printing to cover promotion, sales, warehousing and distribution, and 35% of net sales for subsequent printings if the agreement is still in effect. Heyday Books shall issue quarterly reports on sales and inventory to the Port.

Mr. Margolin indicated that he looks forward to fulfilling the contract and assured the Commission that the book will be something that the Port will be proud of.

Commissioner McCarthy thanked Ms. Dunn for her thorough analysis and Mr. Margolin for his passion.

Commissioner McCarthy, on behalf of the Commission, thanked Mr. Mitchell for all his many years of hard work and congratulated him on his retirement.

ACTION: Commissioner Lee moved approval; Commissioner Brandon seconded the motion. All of the Commissioners were in favor; Resolution No. 98-42 was adopted.

4. MARITIME

5. REAL ESTATE AND ASSET MANAGEMENT

A. Authorization to offer, through competitive bid, three two-year leases for surface parking at Seawall Lots 321, 322i, 323, 324 and 330; and portions of Pier 27-29 and Pier 30-32. (Resolution No. 98-43)

Mr. Mark Lozovoy, Senior Property Manager, made a correction on the agenda title. Pier 27-29 and Pier 30-32 are not included in this item. Mr. Lozovoy requested authorization to

offer, through competitive bid, three two-year leases for surface parking at Seawall Lots 322i located at Front and Broadway Streets, Seawall Lots 321, 323, 324 located at Embarcadero, Broadway and Green Streets and Seawall Lot 330, located at Embarcadero and Bryant Streets. Port staff is requesting authorization to offer, through competitive bidding, two parcels located in the Northeastern Waterfront and one parcel located in the Central Waterfront for the operation of surface public parking lots. The process will culminate in three separate leases. The successful bidders will be those which propose the highest rent for each parcel and who meet the minimum qualifications for experience and financial standing.

The rent for all three parcels shall be bid on a minimum base rent versus percentage rent basis. The monthly minimum rent for the three leases will be subject to annual CPI adjustments. Since all of the parcels are designated as future development sites, the Port shall retain the right to recapture all or part of any parcel upon sixty days written notice to the operator.

For premises located at Seawall Lot 322i, the minimum acceptable bid is $25,907.50 per month versus 67% of gross receipts. For premises at Seawall Lots 321, 323 and 324, with option to expand if the space north of the Ferry Building becomes available for surface parking operations, the minimum acceptable bid is $38,060.80 per month versus 67% of gross receipts. For premises at Seawall Lot 330, with option to expand if space south of the Ferry Building becomes available for surface parking operations, the minimum acceptable bid is $25,000 per month versus 67% of gross receipts.

The Port is interested in encouraging the participation of minority-owned and economically disadvantaged businesses in this bid opportunity. Staff will consult with HRC and the City Attorney's Office to determine appropriate methods for encouraging participation in the bid process by small, local, women, economically disadvantaged and minority owned businesses.

Port staff will present the successful bidder(s) to the Port Commission for approval and authorization to enter into a lease for each of the parking opportunities.

Mr. Lozovoy asked the Commission to approve the resolution authorizing staff to prepare and offer, through competitive bid, three leases, each with two-year terms, for public parking lots at SWL 322i, SWL 321, 323 and 324 and SWL 330.

Ernie Meriweather indicated that they intend to develop Pier 30/32 and SWL 330. This venture will provide new revenue streams to the City as well as enhance the culture and beauty of the City. It will include all of the citizens of San Francisco. Their plan is largely maritime which includes the state-of-the-art cruise ship terminal -- the Jimmy Herman cruise ship terminal. This will cause an influx of tourists from around the world, which will greatly enhanced existing businesses in the area. Their development will be people friendly, with museums, public walkways, benches, tables and parking for the public. They have access to funding for this project and many businesses are preparing for the opportunity to sign up.. They have discussed this project with many competent developers. He requested the Commission's approval to discuss in detail with the Executive Director their complete plan for Pier 30/32 and SWL 330. He asked the Commission to consider them for SWL 330 in view of the mixed-use plan that the Port has submitted to the public that clearly states that SWL 330 is part of Pier 30/32.

Commissioner McCarthy indicated that there has not been an RFP issued at this time for Pier 30/32. This is a two-year lease for parking. Mr. Meriweather replied that they are requesting to develop Pier 30/32 and it has nothing to do with the two-year lease for those piers.

Philip Scott Ryan, counsel for City Park (the operator and manager of parking facilities in the bay area), commented that at the invitation of Mayor Brown, his law firm investigated Port files regarding a whole series of parking lots on Port property. Their investigation covered a 2-3 year span in which they discovered and documented for the Mayor (with copies to the executive director) 15 parking lots that the Port gave out to parking operators and managers without competitive bidding. They wrote a lengthy report for the Mayor and asked for his intervention and asked for him to investigate the granting of these very economically significant parking facilities to one or two operators. In addition, he asked that there be a freeze on any non-bidded lots. He also requested that the parking operators for the 15 or so lots that are on a month-to-month leases be given 30-days notice of termination and that all 15 lots be sent out to bid immediately. He suggested that the Port prepare an RFP within 15 days and give parking operators 15 days to respond. He noted that the time parameters are not arbitrary.

Mr. Ryan stated that the specific lots in question are contained in an exhibit of the materials forwarded to the Mayor and copied to the Executive Director. He hoped that the Commission would follow the policies of the Port and the City and have all 15 lots put out to bid. He informed the Commission that the Port let out another lot this week without going out to bid. He was pleased to hear that the RFP contained reference to minority and women-owned enterprises. He suggested that the Commission should require that any operator considered for these bids pay prevailing wages. He claimed that this is currently not the case with nine of the present lots that are being operated by Allright Parking, a non-union parking operator. In addition, the domestic requirements of the City & County of San Francisco should be adhered to. He hoped that the Commission approve the terms of the RFP and approve sending the lots out to bid.

Commissioner McCarthy requested a copy of the reports. Commissioner Brandon also requested the status of all of the lots the Port manages, who's responsible for them and the terms of the leases.

Commissioner McCarthy asked for clarification on the lots that Mr. Ryan alluded to. Mr. Lozovoy replied that there are a number of small lots in the Embarcadero median that Phil Ryan was referring to. The Waterfront Transportation Project will remove all the parking lots in the roadway by June 1st. The Port is on a 30-day notice for removing all the parking lots in the Embarcadero median. The remaining available lots will be put out to bid. The parking lots in the Embarcadero median will disappear. Commissioner Brandon asked how many lots does the Port have. Mr. Lozovoy replied that the Port has these three parcels that will be put out to bid and 5 lots in the Embarcadero median and SWL 314 and 351 which the Commission previously approved.

Mr. Ryan clarified that the number of lots he mentioned was derived from the Port's lease agreements. The lease agreement in question has long since expired and yet these lots have been granted pursuant to an expired provision of an expired lease. The designation of the lots comes from the actual lease documents in the Port's files. Mr. Lozovoy's comment with respect to the strip parking in the Embarcadero median is correct; however this project has been in the discussion stage for years. He noted that the lots in the Embarcadero

median are included in the 15 lots he mentioned. Until construction commences, they would be happy to bid on those lots on a 30-day basis to generate revenue for the Port of San Francisco.

Commissioner McCarthy requested a copy of the package sent to the Executive Director as well as a full run down of the number of Port parking leases and their status. Executive Director Wong stated that he will provide the Commission a copy of the package as well as the Port's response to Mr. Ryan's letter.

Commissioner Brandon inquired about the required minimum qualifications and experience. Mr. Lozovoy replied that the minimum qualification and experience will be dictated by the HRC, which the Port will use as a guideline. The final RFP has not been done. This process will authorize staff to prepare the RFP. Commissioner Brandon requested that the RFP be brought back to the Commission for their review and approval prior to issuing it to the public.

Noreen Ambrose, Legal Counsel, indicated that the resolution authorizes staff to go into competitive bidding. If the Commission wishes to see the RFP before it goes out, she suggested that the Commission should make a motion requesting staff to bring the RFP for Commission's review before it goes out to the public.

Commissioner Brandon moved approval to have the final RFP brought back to the Commission for their review and approval before the competitive bidding process; Commissioner Lee seconded the motion.

ACTION: Commissioner Hardeman moved approval, as amended; Commissioner Lee seconded the motion. All of the Commissioners were in favor; Resolution No. 98-43 was adopted.

6. FACILITIES & OPERATIONS

A. Authorization to accept and expend $500,000 in grant funds from the California State Coastal Conservancy for construction of the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 98-37)

Ms. Carol Bach, Project Manager, indicated that staff has been working on the design plans for the wetlands and public access improvement at Pier 98. The resolution would authorize staff to enter into a $500,000 grant agreement with the California State Coastal Conservancy for implementation of the project. In December 1997, the Commission approved the Port's application for grant funds to the California State Coastal Conservancy. In February 1998, the Coastal Conservancy unanimously voted to award $500,000 to the Port to implement the Pier 98 project.

The grant agreement with the Coastal Conservancy includes the following terms and conditions:

- The Port will proceed with the project in accordance with a work plan and a time schedule to be submitted to the Coastal Conservancy upon selection of the successful construction contractor.
- The Port will install permanent signs acknowledging the Coastal Conservancy's contribution to the project.

- If the Port fails to complete the project in accordance with the grant agreement, the Port could be obligated to pay the Conservancy for all funds disbursed under the grant agreement. The Conservancy may, at its discretion, consider extenuating circumstances.
- The Port assumes all management, operation and maintenance costs.
- The Port must indemnify, hold harmless and defend the Conservancy from any and all liabilities, claims, damages or costs resulting from or in any way connected with the grant agreement, except for active negligence of the Conservancy, its officers, agents or employees.

Based on the final design, the project is currently estimated to cost approximately $2.01 million. The Public Utilities Commission has agreed to contribute $1 million towards implementation project. The Port's Capital Plan adopted in December 1997 allocates $918,000 towards implementation of the project. Acceptance of the $500,000 from the Coastal Conservancy would give the Port all of the remaining money needed to implement the project and significantly reduce the amount that the Port would be required to contribute.

Commissioner Brandon moved approval to continue this item until after the Executive Director, the Mayor and she tour the proposed site. Executive Director Wong clarified that the site visit with the Mayor will be at Darling Delaware, not Pier 98. Commissioner Brandon indicated that this specific meeting that the tour came up in was during a meeting with the Mayor regarding Pier 98. The site visit will include a tour of Pier 98. She requested this item be heard until after the tour.

Commissioner McCarthy asked about the timing issue on this project. Ms. Bach replied that the timing is fairly tight because construction needs to commence by summer and be completed by November. Otherwise, this project will be put off until the following summer, which would violate the terms of the grant agreement. To delay this item another two weeks would hinder our ability to meet the schedule and our commitment to the funding agencies.

Commissioner Brandon asked if having this item heard in two weeks would prevent the project from being completed in the summer of 1998. Ms. Bach replied that it would not but it would hinder our ability to meet the schedule.

Commissioner McCarthy asked what would happen to the grant and the Port's commitment should a major change develop after they vote to accept the grant funds. Ms. Bach replied that if the Commission vote to accept the money today and a major change develop, staff will have to return to the Commission for their approval. The grant agreement will also have to be approved by the Board of the Supervisors.

Executive Director Wong clarified that a meeting was held with the Mayor specifically on this topic and the Mayor gave the Port his approval to proceed with the project.

There being no second to Commissioner Brandon's motion, Commissioner McCarthy asked for a motion to approve the project.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. Three of the Commissioners were in favor; Commissioner Brandon cast the dissenting vote. Resolution No. 98-37 was adopted.

B. Authorization to accept and expend $92,000 in grant funds from the Association of Bay Area Governments for construction of a portion of the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 98-38)

Ms. Carol Bach, Project Manager, indicated that this item is related to the funding for the Pier 98 project. The San Francisco Bay Trail is a 400-mile hiking, biking and multi-use path that would encircle the entire San Francisco Bay. The State, through the California Conservancy Corps, is funding local government and public/private partnerships who propose to develop sections of the San Francisco Bay Trail. The Association of Bay Area Governments is administering a State grant program that would fund local governments or public/private partnerships who would like to develop sections of the Bay trail. In December, the Port submitted an application for funds for construction of the Bay trail through this grant program. The grant program stipulates the following:

1) The grantee use the California Conservation Corps in implementing the trail construction and maintenance work; and
2) The grantee provides 3:1 matching funds.

The Port applied to the Regional Development Program for $92,000 to construct and maintain portions of the Bay trail on Pier 98 and extending between Third Street and the entrance to Pier 98. The section at Bay Trail and Cargo Way would be Class III bike routes that would consist of signs designating that route as the Bay Trail and as a bike route. Bikes would share the road with vehicles as they do now. On Pier 98, the funds would be used to construct trails extending the length of the Peninsula and also connecting the sites to the PG&E Plant and the fishing pier. These were design elements that are part of the Pier 98 Public Access Improvements.

In our proposal, Port staff will work with the California Conservation Corps, San Francisco League of Urban Gardeners (SLUG) and the San Francisco Conservation Corps to implement the work to be done under this grant funding program. All of these organizations share a common mission in that they provide employment and job training opportunities for disadvantaged youths. The grant proposal also includes $15,000 a year for trail and landscape maintenance for three years, which would substantially subsidize the maintenance efforts that the Port would need to commit to the landscaping during the first three years after installation. In addition, the grant program offers a unique opportunity. Working with SLUG, the San Francisco Conservation Corps and the California Conservation Corps would give an opportunity to local youth working on this project for a period of several years, fostering participation and stewardship of this site. Ms. Bach requested Commission's approval to accept the grant funds and enter into agreement with the Association of Bay Area Governments.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. Three of the Commissioners were in favor; Commissioner Brandon cast the dissenting vote. Resolution No. 98-38 was adopted.

C. Authorization to waive competitive bidding and prevailing wage requirements for contracts with California Conservation Corps, San Francisco Conservation Corps and San Francisco League of Urban Gardeners as required by the ABAG grant. (Resolution No. 98-39)

Ms. Carol Bach, Project Manager, indicated that in order to meet the terms and conditions of the grant agreement, the Port needs to award sole-source contract to the California

Conservation Corps, San Francisco Conservation Corps and San Francisco League of Urban Gardeners as well as waive the competitive bidding and prevailing wage requirements. With the Commission's approval, staff will seek adoption of the ordinance by the Board of Supervisors. The California Conservation Corps is mandated to be used under this ABAG funding agreement and it is consistent with the spirit of the Pier 98 project. The State agency's mission is to develop use of this site while protecting and preserving natural resources of this State. The San Francisco League of Urban Gardeners (SLUG) is a non-profit, environmentally based job training and educational organization located in Bayview-Hunter's Point. SLUG specializes in creating, enhancing, and maintaining gardens and natural areas in San Francisco. SLUG also operates the Log Cabin Nursery, which trains youths from the Juvenile Justice Program to cultivate native plants used in natural area restoration projects. The San Francisco Conservation Corps is an organization similar in scope and mission to the California Conservation Corps except that it is a private non-profit rather than a State agency.

The Pier 98 project would benefit greatly from working with these three organizations. Not only through the work that they would provide but also the unique skills and resources they offer in terms of connecting the project with the local community and being able to provide the local propagated native plants which are required for the project in accordance with the City's Natural Air and Ecology. With the Commission's approval of the resolution, staff will initiate adoption of the proposed ordinance through the Board of Supervisors.

Carl Graham, Education Director of SLUG, stated that they are community-based non-profit organization. Through gardening, they have been building a community throughout the City for the last 15 years. However, they do more than build gardens in San Francisco. They are working on cultivating leadership and educational opportunities and job skills for City's youths and involving the community in caring for the environment. The waving of the prevailing wage and competitive bidding requirements would allow them to be involved in this project. It would allow involving community members in the neighborhood.

Jarrel Smith, resident of Bayview Hunter's Point and a 7-year worker of SLUG, stated that this is an opportunity for the youths to be involved and use and apply the knowledge they have garnered. The Pier 98 project is important for the youths and the surrounding community.

Commissioner McCarthy thanked the two speakers and acknowledged the wonderful and hard work of the SLUG organization.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. Three of the Commissioners were in favor; Commissioner Brandon cast the dissenting vote. Commissioner Brandon cast the dissenting the vote. Resolution No. 98-39 was adopted.

D. Authorization to issue Invitation to Bid for construction of the Pier 98 Wetlands and Public Access Enhancement Project. (Resolution No. 98-40)

Ms. Carol Bach, Project Manager, indicated that the development of the design and construction specifications for the Pier 98 project has been completed. Staff is in the process of obtaining final permits and approvals to implement the project. The resolution requests Commission's authorization to issue the invitation for bid on the construction

element of the project. Construction includes excavation and grading as well as installation of a geosynthetic liner over a portion of the site. The trail construction and landscaping will be handled under another contract to be subsidized through the ABAG grant. The project is currently estimated to cost approximately $2.1 million. PUC will contribute $1 million. Coastal Conservancy will contribute $500,000. The balance of the fund will be paid from the Port's Capital Fund.

Commissioner Brandon asked if the final RFP has been drafted. Ms. Bach replied that the bid package has been drafted and was being reviewed by staff. Commissioner Brandon asked for a copy of the RFP before it is sent out to the public. Ms. Bach indicated that a copy will be sent to the Commission.

Commissioner McCarthy requested that all RFPs be sent to the Commission prior to its issuance to the public.

ACTION: Commissioner Hardeman moved approval; Commissioner Lee seconded the motion. Three of the Commissioners were in favor; Commissioner Brandon cast the dissenting vote. Resolution No. 98-40 was adopted.

E. Authorization to award "As-Needed Engineering Services" contracts to Structus, Inc. and to Olivia Chen Consultants, Inc. (Resolution No. 98-31)

Mr. Alex Lee, Director of Facilities and Operations, indicated that on September 23, 1997, the Port Commission authorized staff to issue an RFP for as-needed engineering services. The resolution authorized staff to hire either one consultant for a not-to-exceed total of $300,000 or two consultants for a not-to-exceed total of $150,000 each. Staff received twelve proposals. A selection panel consisting of Port and City staffs reviewed all proposals. Structus and Olivia Chen received the highest score. HRC confirmed that both firms are responsive to the requirements of the S.F. Administrative Code 12D.

Commissioner Brandon thanked Mr. Lee for the information provided her. Commissioner Lee recused himself from voting on this item because his company has an ongoing contract with Olivia Chen Consultants. He further stated that Olivia Chen Consultants getting this contract has no direct/indirect, tangible/intangible benefit for him or his company.

ACTION: Commissioner Brandon moved approval; Commissioner Hardeman seconded the motion. Three of the Commissioners were in favor; Commissioner Lee was recused to vote. Resolution No. 98-31 was adopted.

7. PLANNING & DEVELOPMENT

A. Request authorization to issue a Developer Request for Qualifications and Proposals for the Design, Rehabilitation and Lease of the Ferry Building. (Resolution No. 98-41)

Mr. Paul Osmundson, Director of Planning and Development, indicated that this a momentous occasion. A tremendous amount of work has been provided by hundreds of people, namely, the Waterfront Advisory Board, Ferry Building Advisory Group, Port staff, consultants, members of the public, residents, adjacent business owners and tenants of the building. He also thanked the following members of the audience: Jane Morrison (member of the Waterfront Advisory Board and the Ferry Building Advisory Group),

Vernon DeMars, and Carl Maletic. He requested Commission's authorization to issue the RFP for the renovation of the Ferry Building. The Ferry Building is a special building. It is an icon, a landmark. It is the most visible, most recognized part of the Port of San Francisco. The Ferry Building represents the waterfront and the Port.

Staff believes that the following key goals must be achieved through the Ferry Building Rehabilitation Project:

- The Ferry Building must be a signature project, which receives a high level of public support.
- The project must strengthen the Port's long-term financial position.
- The project must enhance the Port's ability to undertake other projects.

Mr. Osmundson indicated that the Port's primary objectives for the project are to achieve:
- a high-quality project
- financially successful
- a focal point on the waterfront and
- captures and enhances historic qualities

The historic preservation element of the project is extremely important to: (1) the Port, because of the Waterfront Plan; (2) the community, because of the historic preservation; (3) developer, because in all likelihood will lead to federal historic preservation tax credit. The amount and type of public use, particularly the ground floor of the building as well as how well a developer addresses the transportation theme or function of the building will be a few of the objectives that staff will be evaluating.

The following are some of the issues that need to be addressed by developers in undertaking the project:

- Provision of parking – a minimal amount of parking is available onsite at the Ferry Building. The developer will have the responsibility of securing the necessary parking for the project.
- State Lands Commission and the acceptability of general office use on the upper floors of the building.
- Port offices and the public nature of the building. One the items identified in the RFP is that the Port Commission Room must be maintained in the building as well as an office for the Port Commissioners to conduct business. The Advisory Group felt that the Port's presence in the building is important.
- Existing tenants in the building. All but four tenants are short-term, month-to-month tenancies. The World Trade Club and Limbach & Limbach have long-term leases. The developer has the responsibility to negotiate with those tenants.

Port staff is in the process of conducting environmental review on a conceptual program for the renovation and as long as the developer stays within that envelope, they can rely on that environmental review. This is expected to be completed by June 1998.

The Qualifications package will be evaluated and presented to the Commission for its consideration. Those parties identified as most qualified would be asked to submit detailed proposals and the proposals will be evaluated. One party may be recommended to the Commission for exclusive right negotiations. The environmental review will be completed before staff asks for proposals from the short-listed firms.

Commissioner Lee thanked staff for their efforts on this project. He asked if all the developers are expected to negotiate with Limbach & Limbach and the World Trade Club. Mr. Osmundson replied that staff will make available to all interested parties complete copies of the tenants lease agreement. The developers may try to negotiate with the tenants prior to entering exclusive right negotiations with the Port. However, during the proposal phase, the developers will be required to present their ideas on how they are going to deal with the tenants. One of the leases has six years left and the other has eight years. By the time construction commences, there will not be much time left on either of the leases. Mr. Osmundson expects that the successful party would be able to reach a mutually satisfactory agreement with those tenants and staff expects the developers to invest a lot of time and energy to come up with the best solution.

Jane Morrison indicated that she was pleased to serve on both the Waterfront Advisory Board and the Ferry Building Advisory Board. The board was pleased with the continued stress of keeping the Ferry Building a public building. The developer will realize that doing this project would be a great honor and they will receive great satisfaction from it as well.

Commissioner McCarthy thanked Paul and Port staff for all the years of hard work. She also thanked Jane Morrison for all her efforts throughout the years.

ACTION: Commissioner Lee moved approval; Commissioner Hardeman seconded the motion. All of the Commissioners were in favor; Resolution No. 98-41 was adopted.

8. FINANCE & ADMINISTRATION

9. CONSENT CALENDAR

10. NEW BUSINESS / PUBLIC COMMENT

David Miles, member of the Skate Advisory Committee, gave the Commission a brief background of his committee and its relation to Mr. Meriweather's proposal. Mr. Meriweather mentioned the possibility of bringing in-line skating into the waterfront. People come to San Francisco from all over the world to skate in an event called the "midnight skate." People want to skate along the waterfront since there are no skating rinks in the City. During one of his skating tours, an investor was interested in a site on the waterfront. Assembly No. 915 gives local authorities indemnity from liability when people are skating on areas designated for that activity. Mr. Miles indicated that they would like to legally skate on the waterfront, especially on Pier 30/32 and make skating a permanent part of the recreational activities in the waterfront.

Fevee Thomas, spokesperson for the Embarcadero Cultural Center International, LLC (ECCI), stated that the focus of the ECCI is to develop and produce an enjoyable, neighborhood-friendly venue for the citizens of and visitors to San Francisco. The vision of the ECCI is to create a destination celebrating the cultural diversity of San Francisco from a local historical perspective. A world-class, state-of-the-art, cruise ship terminal, high-end retail, cultural villages and a 400-room hotel play a major role in the development.

Recalling the City's past and the contributions made by all ethnic and cultural groups, business, government and organized labor will be commemorated. The cultural village will possess a living, breathing ambiance. Costumes and uniforms of employees will create an ethnocentric appeal. Sweet smells will permeate the air from fine dining establishments worthy of San Francisco's reputation. Night clubs with a San Francisco authenticity will radiate the sounds of

great music. Top name entertainers will perform at a modern Greek amphitheater. She asked for the Commission's consideration for this interesting project.

Feysan Lodde, born and raised in San Francisco, commented on the Embarcadero Cultural Center International. She supports Mr. Meriweather's plan for Pier 30/32. She urged the Commission to support his project and look at his proposal favorably. This project will provide young adults job training and jobs.

Reverend Edgar Boyd stated that San Francisco is one of the most sought after tourist destinations in the world. With the completion of the street thoroughfare on the Embarcadero, San Francisco has now aesthetically taken its rightful place as the great aesthetic visitor and icon representation for the pacific coast. San Francisco is an excellent place to live, excellent place to be and excellent place for people to plan vacations, trips and conventions. San Francisco became a tremendous place for growth among African Americans in the entire state. It represented perhaps the highest time and period of growth for African Americans in the City. Most of them settling in the vacant spaces made possible by the removal of the Japanese from the community at the onset of World War II. After a brief time those who come into their own with the establishment of businesses and reverberation of residences have begun to numerate schools and other public access phases throughout the area and the City and found themselves displaced from that area for the process of urban renewal. Ethnic displacement occurred as a result of urban renewal. No other urban community in this country has seen the downshift of one ethnicity from a specific geographic container as has the African American community. We are in the verge of an opportunity to correct some those things that took place and help to lighten the load and the burden that the community has shared over the last thirty years. In 1952 the representation of African Americans in San Francisco was high as 22% and now some 30 years later, as low as 9.5%. The idea that Ernie Meriweather and his supporters are suggesting is an excellent opportunity to help support the ethnic identity and the ethnic diversification that is so tantamount and so much a part of the City. Mr. Meriweather's idea embodies and embraces a lot of "rootage" within the community out of which he comes. They come not from that community wanting to do the whole thing but to make certain that they, in this most visible and vital part of the City, make certain that they give a demonstration of ethnic balance, ethnic inclusion, of cultural diversity on all fronts and all scales. He stated that the Commission is in a fervent position to help make this a possibility. This is an excellent opportunity for the children and generation that are left yet to come. He is in wholehearted support of Ernie Meriweather's idea and hope that the Commission, would at the same time, embody and embrace the idea and help to give it a chance to develop. This would be a great benefit to the community as well as for the City.

Ernie Meriweather thanked Mr. Paul Osmundson and the Executive Director for their guidance and the opportunity to meet with staff. Mr. Alexander Leidesdorf, an African American, built and designed the first pier. All of the designs now are modeled after that but the irony is there are no minority-owned businesses at the waterfront. He asked the Commission to give them the opportunity to establish something that the Commission can be proud of.

The meeting was adjourned at 6:17 p.m.

Commission Secretary